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Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference

Economic and Social Council
Substantive session of 2009
Geneva, 6-31 July 2009
Item 6 (a) of the provisional agenda**
Implementation of and follow-up to major United Nations conferences and summits: follow-up to the International Conference on Financing for Development

Summary by the President of the Economic and Social Council of the special high-level meeting of the Council with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development (New York, 27 April 2009)

Introduction

1. The special high-level meeting of the Economic and Social Council with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development (UNCTAD) was held in New York on 27 April 2009. The overall theme of the meeting was "Coherence, coordination and cooperation in the context of the implementation of the Monterrey Consensus and the Doha Declaration on Financing for Development".

2. The 2009 meeting was preceded by extensive consultations within the Economic and Social Council and between the President and members of the Bureau of the Council and the management of the Bretton Woods institutions, the World Trade Organization and UNCTAD, and meetings with members of the executive boards of the International Monetary Fund (IMF) and the World Bank and members of the UNCTAD Trade and Development Board. In the course of those consultations and meetings, the agenda and the format of the special high-level meeting were discussed and agreed upon well in advance of the meeting.

3. The two sub-themes that had been selected to serve as the focus of substantive discussions in two consecutive plenary debates were: (a) addressing the impact of the global financial and economic crisis on development, including issues related to

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the international financial and monetary architecture and global governance structures; and (b) strengthening the intergovernmental inclusive process to carry out the financing for development follow-up. The meeting had before it a note by the Secretary-General (E/2009/48), which provided background information and suggested possible questions on the two sub-themes.

4. The 2009 meeting was preceded by three informal briefings chaired by the President of the Economic and Social Council, which brought the perspectives on the global financial crisis and its impact on development on the part of institutional and other stakeholders, including civil society, to the attention of Member States. An informal meeting to discuss the note by the Secretary-General was also held.

5. The meeting featured a brief opening plenary meeting and two thematic debates on the above-mentioned topics. The opening plenary meeting included statements by the President of the Economic and Social Council, Sylvie Lucas (Luxembourg); the Secretary-General of the United Nations, Ban Ki-moon; the President of the Trade and Development Board of UNCTAD, Dian Triansyah Djani; the Deputy Chair of the International Monetary and Finance Committee, Hany Dimian; the Director-General for International Affairs, Ministry of Finance and Public Credit of Mexico, Ricardo Ochoa, speaking on behalf of the Chairman of the World Bank/IMF Development Committee; and the Deputy Director-General of the World Trade Organization, Valentine Rugwabiza. The opening plenary meeting concluded with a presentation by the Senior Adviser in the Office of the Senior Vice-President and Chief Economist at the World Bank, Zia Qureshi, on the joint Bretton Woods publication *Global monitoring report 2009: a development emergency*.

6. A significant number of executive and alternate directors of the boards of the World Bank and IMF participated in the 2009 meeting. Other participants included ministers, vice-ministers and other high-level national officials in the areas of finance, foreign affairs and development cooperation, as well as senior representatives of United Nations organizations and other international organizations (see E/2009/INF/1). Representatives of non-governmental organizations and the business sector also participated actively in the two thematic debates.

7. The President of the Economic and Social Council opened the meeting by noting that although the human cost of the global financial and economic crisis was being felt heavily in both developing and developed countries, the crisis had seriously set back the development efforts of the poorest countries and increased the challenges they confronted. If a large-scale human tragedy was to be prevented, the human impact of the crisis had to be addressed in a coherent and coordinated manner. However, even after the crisis had been overcome, immense developmental challenges would remain. In that respect, it was critical to ensure effective follow-up to the Monterrey Consensus[1] and the Doha Declaration on Financing for Development (General Assembly resolution 63/239, annex) and the commitments made therein. The President noted that the summary of the meeting would be an important input to the Conference on the World Financial and Economic Crisis and Its Impact on Development, to be held in New York in early June.

[1] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

8. In his address, the Secretary-General stressed the need for unprecedented international cooperation to address the global financial and economic crisis. He noted that for countless people living in poverty and facing even greater hardship in these tumultuous times, these were matters of life and death. In too many parts of the world, frustration had erupted into violent protests, threatening stability and peace. Development efforts sagged under the weight of the crisis. Negative effects were expected in nearly every area covered by the Monterrey Consensus and the Doha Declaration. The Secretary-General also pointed, however, to the fact that as devastating as the crisis was, it was also an opportunity to move towards a "green new deal".

9. The crisis had proved that the current system of global economic governance was not adequate to today's challenges. Faith in financial deregulation and market self-regulation had been diminished and in its place a new commitment to effective regulation and supervision was being seen, not just nationally, but also globally. However, the Secretary-General pointed out, new forms of protectionism were also being seen and these had to be resisted, not only in trade but also in investment and international migration. There remained also an urgent need to complete the development-oriented Doha round of trade negotiations. The Secretary-General stressed that the needed reform of the international economic system would require many steps and the full engagement of all countries and the United Nations. The international community had an important opportunity to make progress in June, when the General Assembly would convene the Conference on the World Financial and Economic Crisis and Its Impact on Development. The spring meeting of the Economic and Social Council should generate ideas that would help to make the June event a success.

10. The President of UNCTAD's Trade and Development Board said deregulation of financial markets had led to the creation of instruments detached from productive activities in the real economy. They had resulted in double-digit profits from economies growing at a single-digit rate, on the basis of the assumption that past trends in the development of asset prices accurately reflected future trends. The crisis showed that such expectations about long-term price trends were not realistic because no funds had been invested in the productive capacity of the real economy, where they could have generated increases in real income. He warned that the crisis would seriously impede the developing world's ability to achieve the Millennium Development Goals and also have serious implications for the six goals of the Monterrey Consensus.

11. The representative of the Chair of the Development Committee said the effects of the financial crisis in the developed countries were now hitting the developing world hard and that this had been reflected in the communiqué of the Development Committee meeting held on 26 April 2009. World trade would plummet in 2009 for the first time since 1945, while global private capital flows to developing countries had fallen off a cliff, with the World Bank estimating a drop of more than $700 billion from the 2007 peak. The financial crisis was turning into a human and development calamity, he said. All the members of the international community were challenged to help offset and alleviate the impact of the crisis on developing countries, and especially the poorest and most vulnerable in societies. Facilitating the recovery of the developing countries would contribute significantly to the recovery of the global economy as a whole.

12. The Deputy Director-General of the World Trade Organization said many developing countries were now experiencing a "perfect storm" with myriad causes and symptoms that had sent their economies into a downward spiral. Already weakened by the effects of the 2007-2008 food and energy crises, their financing sources were drying up as they witnessed a simultaneous sharp decline in foreign direct investment, remittances from overseas workers, export earnings and tourism revenues, together with an outflow of domestic savings. Developing countries were expected to find it more difficult to raise capital in the developed world, where they would be competing for resources with Governments seeking to fund their financial and fiscal stimulus programmes. She said it was fortunate that, to date, there had been no indication of a slide into high-intensity protectionism. The multilateral trading system built over the past 60 years had indeed provided a strong defence and a unique insurance policy against protectionism. Nevertheless, vigilance needed to prevail and low-intensity protectionist measures had to be avoided, including those that directed trade restrictions at specific sectors or industries in order to protect jobs and business profit margins.

13. The Deputy Chair of the International Monetary and Finance Committee of the Board of Governors at the International Monetary Fund, in referring to the meeting of the Committee held on Saturday, 25 April 2009, called for the urgent conclusion of an ambitious and balanced Doha development round and stressed the importance of ensuring sufficient trade finance and meeting the commitments already made on market access for least developed countries. He also noted that IMF should assess its actions regularly to restore macroeconomic stability, sustainable growth and international financial stability. The Committee wished to see reform of IMF, including in the area of resource mobilization, and the establishment of a global financial safety net. IMF should continue acting promptly to make available, under adequate safeguards, substantial financial resources to member countries with external financing needs.

14. The Senior Adviser in the Office of the Senior Vice-President and Chief Economist at the World Bank presented the *Global Monitoring Report 2009: a Development Emergency*. He noted that developing countries had seen their sharpest economic decline in decades. Net private capital flows to those countries were likely to turn negative in 2009, representing a drop of more than $700 billion from the 2007 peak, and estimates of their financing gaps in 2009 reached as high as $1 trillion. The key point was that the global financial crisis was rapidly turning into a human and development crisis, with a particular impact on poor countries with the least resources to take ameliorating actions and on poor people lacking social safety nets. The sharp reduction in investment flows due to the credit crunch was referred to, as was the expectation that world gross domestic product would fall in 2009 for the first time since the second world war. The many impacts of the crisis were noted, including falls in export volumes, commodity prices, remittances sent from overseas, tourism, foreign direct investment, public revenues and possibly even development assistance, and rising unemployment.

15. Various adverse impacts in terms of achieving the Millennium Development Goals were, accordingly, noted in the *Global Monitoring Report 2009*. These impacts included expected substantial rises in the numbers of the extreme poor, the unemployed and malnutrition. Gains made in education, especially for women and girls, were similarly under threat and, more generally, women were particularly vulnerable to the effects of a crisis that had begun far away.

Theme 1: addressing the impact of the global financial and economic crisis on development, including issues related to the international financial and monetary architecture and global governance structures

16. The President of the Economic and Social Council opened the discussion, stressing the need for decisive, coherent action in order to help developing countries, which had limited resources to blunt the economic downturn, to face the severe impact of the crisis, compounded by vulnerability from earlier food and energy crises and the accelerating trends in climate change. She recalled the note presented by the Secretary-General for the meeting, addressing issues such as the need for developed countries to sustain official development assistance (ODA) and aid-for-trade levels, while ensuring that their recovery programmes did not impose short-term and longer-term costs on developing countries and countries with economies in transition; the need to reduce the cost of economic adjustment for developing countries; the importance of longer-term regulatory and institutional reforms that would lessen the likelihood and impact of future economic and financial crises; and the need for credible, representative and effective mechanisms for macroeconomic coordination, with governance structures that were duly representative of the interests of all countries and that were able to exercise strong policy leadership.

17. In the long interactive exchange of views that followed, many representatives noted that recovery in developing countries was expected to be more prolonged than in developed countries because of factors such as reduced resources for public investment, limited safety nets, reduced private investment, reduced trade finance, a decrease in remittance payments, falling commodity prices, a possible reduction in ODA, likely increases in debt and reduction of funds to relieve debt. The crisis had come close upon food and fuel crises, which had deepened its impact and sapped confidence. Some speakers noted that the impact on middle-income countries should not be underestimated, while others stressed that the least developed countries were being affected disproportionately.

18. One participant, speaking on behalf of many countries, noted, as did others in the dialogue, that the crisis had revealed major flaws in the financial sector and in financial regulation and supervision at both the global and national levels, and in order to find the way out of the crisis it was therefore necessary to restore confidence, ensure proper functioning of financial markets, achieve stricter oversight of such markets and reform the global financial system.

19. Most participants reflected on the human costs of the crisis and the need to keep these in focus more than had so far been the case. Such impacts were already being felt in both developed and developing countries, and were illustrated particularly starkly in the projection contained in the *Global Monitoring Report 2009* of up to 200,000 to 400,000 more infant deaths each year as a result of the crisis.

20. Several participants in the interactive dialogue noted that such human dimensions of the tragedy were not only critical in ensuring a sense of solidarity and urgency, but reflected the fact that the crisis should not be seen as a purely "financial" phenomenon. The fact that it was man-made and that many stakeholders in the system shared responsibility for its human impacts should energize the

response to it, help to address systemic causes and prevent it from becoming a long-term and generalized human crisis.

21. One representative, speaking on behalf of a large group of countries, took up this theme when noting the human dignity aspects of the crisis and warned against too readily falling back on agreed language and so-called common ground that did not fully address the root causes of the crisis, which had not originated in developing countries but had nevertheless reserved its worst impacts for them. It was stressed that such countries were also the weakest in terms of resources to counter such effects. Many participants noted that the United Nations had an important coordinating role in addressing these issues and putting such countries in a position to counter the crisis and prevent it from being repeated.

22. This issue of how to put developing countries in a better position to counter the effects of the crisis, and the roles of the United Nations and the international financial institutions in this area was a theme in most interventions. Many made the point that greater supplementary funding should be made available by IMF for counter-cyclical stimulus measures in such countries. Pro-cyclical measures involving reductions in fiscal spending should be avoided. Many representatives also made the point that IMF and other lending institutions needed to be more flexible in their lending practices, and urged against conditionality that might force such countries into pro-cyclical responses that would probably broaden and deepen the crisis. Pro-cyclical policies by individual countries would be in direct conflict with the agreed global effort to overcome the loss in private consumption and investment afflicting all countries. A call was also made to make pledges for social protection for the most vulnerable through, for example, the World Bank's vulnerability framework.

23. Many representatives reflected upon the important role regional banks could play in addressing the crisis and helping to prevent future ones, and highlighted the need for them to be properly funded with transparent and effective disbursement systems. Several participants commented that the need to provide assistance to developing countries in the form of capital extended not only to assist in respect of problems related to balance of payments, but also for investment, particularly in the infrastructure needed for sustained development.

24. Many participants noted the high social cost of unemployment and social dislocation, in both developed and developing countries, and the need to improve safety nets in this area. It was, however, stressed that international cooperation to resolve the crisis, not protectionism, was the way to maintain jobs. That point needed to be made clearly, uniformly and often.

25. A common theme overlaying the dialogue was that there was no one-size-fits-all in addressing the crisis and countries should have the freedom to frame their financial development in accordance with the characteristics and needs of their respective economies. In particular, many participants noted the need to preserve the policy space of developing countries in responding to the global crisis and to avoid conditionality.

26. Executive directors from the boards of the Bretton Woods institutions expressed the view that the financial crisis provided a supreme test for international institutions to fulfil their responsibilities. The World Bank expected to triple its annual level of disbursement during the next three years at the same time that it was

exerting extra effort to simplify procedures, reduce the transaction costs of lending and eliminate outdated conditionalities. Effort was also being exerted to disburse International Development Association lending ahead of schedule to help the poorest countries affected by the crisis. The Dean of the World Bank Board of Directors underlined the fact that the formal name of the Development Committee was actually the "High-level Committee on the Transfer of Real Resources to Developing Countries" and that this should not be forgotten. Directors echoed the view, also expressed by many other participants, that the crisis affected real people in real ways, and that it should be tackled with this aspect clearly and foremost in mind, not just in terms of macroeconomics. It would be unacceptable for the world community to sit by while the numbers of hungry persons and children dying of malnutrition and disease went up exponentially.

27. The intention of financial institutions to double or triple resources for development was welcomed, but many referred to the pending question concerning disbursement of those resources in a fair way. The difficulties involved in conditionality and its role in exacerbating the impacts of the crisis through pro-cyclical policies were noted frequently, and some speakers expressed unease about relying on institutions to lead the international community out of the crisis that had, in their view, helped lead it into the crisis. They expressed the view that new capitalization and responsibilities should not be allocated to the international financial institutions until they had first undertaken necessary reforms.

28. Others took a different view, pointing to necessary reforms already completed or planned, and suggesting that the swift responses required by the crisis demanded reliance on proven existing institutions, rather than on creating new ones.

29. The potential for a new debt crisis was noted, and options mentioned by representatives in order to counter such a development were moratoriums on interest payments on debt for poor countries and, in the view of some participants, also on certain private investors, as well as adjustment to rules under the Basel II framework[2] (such as a temporary decrease of capital requirements) to free up capital.

30. Several speakers noted the imperative of maintaining ODA commitments as one aspect of ensuring predictable finance to meet development goals, and as a statement of solidarity in addressing the effects of the crisis. Several representatives indicated that their countries intended to maintain or even increase ODA. Support to explore and implement voluntary innovative financing mechanisms was also expressed. The considerable cost of aid ineffectiveness and the importance of implementing the Accra Agenda for Action (A/63/539, annex) as a matter of urgency were also stressed.

31. Several participants pointed out that one aspect of the credit crunch having a direct negative impact on achieving the Millennium Development Goals was a lack of availability of microfinance, which was of very practical use in assisting small enterprises and helping to lift individuals and communities out of poverty.

32. The urgency of an early, comprehensive and balanced outcome to the Doha round of trade talks was commented on by many participants, as was the need to

[2] Bank for International Settlements, "Basel II: International Convergence of Capital Measurements and Capital Standards: a Revised Framework", June 2004.

avoid, in practice as well as in rhetoric, any protectionist responses reminiscent of the "beggar-thy-neighbour" policies that had prevailed in the 1930s with disastrous consequences. While the public comments of many countries against recourse to protectionist measures were to be welcomed, some participants expressed doubts as to whether the actions of countries would live up to their rhetoric in this area, and noted that a close watch would need to be kept on that issue.

33. The need for aid for trade to be scaled up was noted by some speakers, to ensure that practical advantage could be taken of market opportunities. Trade financing was drying up and needed to be facilitated if the benefits of the Doha round were, in practice, to flow to developing countries. Commitments in this respect were made by some representatives.

34. Several speakers noted that amid the challenges of the crisis, there were also opportunities to address some of the systemic issues that had contributed to the crisis and its dire effects, including by increasing the voice and participation of developing countries in the global financial and economic system and by building bridges between the work of the different institutions and groupings. In their view, it was only by making rapid progress in strengthening the voice and participation of developing countries that it would be possible to restore the effectiveness and legitimacy of existing international financial institutions.

35. Another forthcoming opportunity was that of addressing the issue of climate change. Many representatives felt that this was a time to ensure that the global financial and economic systems were reshaped to address issues of environmental sustainability more systemically than in the past. New approaches to the way such systems operated could also be considered.

36. In the broader perspective, the point was made by several participants that new financial regulation should take into consideration and more fully internalize the social costs and benefits of financial innovation, should include macroprudential oversight, and should avoid regulatory arbitrage. At the same time, the point was made that no particular template on financial development should be imposed on developing countries.

37. Some participants addressed the request made for the establishment of a coherent and well-coordinated United Nations monitoring and alert mechanism to track developments. It was commented that this might be valuable in a context where there was still relatively sparse and fragmented data on the political, social, economic and security effects of the crisis. It was noted that the presence of the United Nations in the field might be especially valuable in that regard. Many speakers took the view that the United Nations should play a more concerted role in engendering support for coherent global actions in the face of the crisis and that the Economic and Social Council had a special role in that regard.

38. Several speakers raised the issue of domestic resource mobilization and, in that respect, the costs to development of diminishing tax revenues as a result of the crisis, a problem exacerbated by inadequate tax cooperation at the global level. The need to enhance the fiscal capabilities of countries to ensure sustained development was acknowledged, as was the need for greater United Nations action in this area, particularly in setting the norms and rules for addressing such activities. It was recalled that the Doha Declaration on Financing for Development acknowledged the need to further promote international cooperation in tax matters and requested the

Economic and Social Council to examine the strengthening of institutional arrangements, including the Committee of Experts on International Cooperation in Tax Matters. Some delegates suggested that the Committee should be upgraded to an intergovernmental body in order to give all countries an effective voice when issues of cooperation on tax matters were being decided by the international community.

39. Many speakers underlined the view that the unprecedented crisis required an unprecedented level of cooperation among countries. Some speakers noted that existing international institutions were being severely challenged to respond to the crisis. The scale of the crisis merited serious consideration of the flaws in global economic governance exposed by it and of the need for new mechanisms and institutions beyond those presently in existence, such as the proposed "global economic council" or some similar body. Other speakers emphasized that the global community should work with the existing institutions and respond to the crisis by rapidly strengthening them and augmenting their resources.

40. There was discussion about the challenges the crisis posed in terms of rethinking fundamental paradigms and the relative roles of the State and markets. Many interventions emphasized that a paradigm shift would eventually become reality in new and alternative approaches to economic policy and international cooperation that promoted human security and development, democracy, social justice and solidarity. As examples, it was noted that the principles of the European "welfare State" and the practices of Islamic financing models might yield some insights and solutions to deal with aspects of the crisis and to help to avoid similar situations in the future.

41. There was a view that the United Nations conference to be held at the highest level on the world financial and economic crisis and its impact on development provided a timely opportunity to discuss reforms in the international financial architecture and global economic governance in support of a more equitable and development-oriented economic system, including its gender dimensions. Several speakers welcomed the work of the Commission of Experts of the President of the General Assembly on Reforms of the International Monetary and Financial System (see A/63/838) and indicated that its recommendations merited serious consideration. The significant contribution the spring meeting of the Economic and Social Council could provide towards a coordinated, global response to the crisis and to the preparation of the June conference was also stressed by many representatives.

42. Finally, numerous interventions underlined the important role that the United Nations had to play in responding to the crisis and the serious consideration that had to be given to strengthening that role. Many speakers emphasized that global reform efforts should be principally undertaken in fully inclusive bodies, such as those of the United Nations system, which contained the Bretton Woods institutions. Decisions coming from inclusive bodies were not only more politically legitimate, but also had an increased probability of arriving at appropriate conclusions because they incorporated inputs from those most adversely affected.

Theme 2: strengthening the intergovernmental inclusive process to carry out the financing for development follow-up

43. The President of the Economic and Social Council recalled paragraph 89 of the Doha Declaration, which acknowledged the need for a strengthened and more effective intergovernmental inclusive process to carry out the financing for development follow-up and requested the Council to consider the matter during its spring meeting and at its substantive session of 2009, in consultation with all relevant stakeholders, with a view to making appropriate and timely recommendations for final action by the General Assembly as early as possible at its sixty-fourth session. She drew attention to the note by the Secretary-General (E/2009/48) and the suggestion contained therein that a more effective and robust process for financing for development follow-up might have at its centre a multi-stakeholder financing for development committee that would replace both the spring high-level meetings of the Council with the international financial and trade institutions and the biennial high-level dialogues of the General Assembly.

44. Representatives were mostly of the opinion that the financing for development follow-up process needed to be strengthened and become more effective while maintaining its multi-stakeholder nature. To make the process more productive, visible and effective, a number of representatives proposed that more time should be allotted to the financing for development follow-up meetings and that they should result in concrete and actionable policy recommendations. Many also supported the view of the Secretary-General that a dynamic, inclusive, efficient, transparent and cost-effective mechanism, which would facilitate continuous dialogue and enhanced policy coherence, was needed.

45. The proposal of the Rio Group to set up a new entity to strengthen the financing for development follow-up process was noted by several participants. It was generally agreed that it was important to get the views of all relevant stakeholders on the full range of ideas on strengthening the follow-up process. Many representatives recognized that efforts and flexibility on the part of all the actors involved would be necessary to arrive at appropriate recommendations to the General Assembly.

46. Several delegates stressed that a strengthened financing for development follow-up process was critical, with the possible creation of new international entities to address the financial crisis and the reform of the international financial architecture and global economic governance structures, as entities such as the Group of 20 were not fully representative or inclusive and did not enjoy the required legitimacy. A few participants emphasized the need to address the implications of the emerging international governance hierarchy for development financing. Particular concern was expressed about the reluctance of some developed countries to fund World Bank programmes, in contrast to agreement on large funding increases for IMF lending facilities.

47. Some delegates expressed the hope that a strengthened follow-up mechanism would reflect stronger international coordination, advancing beyond Monterrey, and be based on political discussions at the United Nations supported by strong technical follow-up, in cooperation with IMF, the World Bank and the World Trade Organization. They also suggested having two levels of coordination and cooperation between these institutions, at the staff level and at the

intergovernmental level, while preserving their respective mandates. Many delegates highlighted the importance for the United Nations, and in particular the Economic and Social Council, to continue to play a central role in coordinating any strengthened follow-up process.

48. Some delegates cautioned against creating new entities for the follow-up process, particularly if they would be less inclusive and transparent than existing ones. They were of the view that new ways of utilizing and, above all, strengthening and making more effective existing mechanisms should be explored instead. This should be done in a spirit of global partnership. Suggestions included retaining existing Economic and Social Council and General Assembly follow-up meetings, while modifying their timing and formats to attract higher level participation through inter alia more focused discussion and more effective use of time while avoiding any duplication. Mention was also made of the importance of making better use of existing data and reports from major institutional stakeholders and their presence and participation in meetings. One delegation also indicated that, in view of the fact that there were several conferences related to topics concerning financing for development in 2008 and 2009, it might not be advisable to hold a high-level dialogue on financing for development later this year in the General Assembly.

49. Representatives of the Bretton Woods institutions reaffirmed their strong belief in cooperation among the United Nations, the World Bank, IMF, the World Trade Organization and UNCTAD, but felt that some stakeholders had not been sufficiently involved in the process, probably because of the present nature and characteristics of the follow-up mechanism. The President's initiative to make the discussion at this year's meeting more focused was commended, while there were suggestions for further improvement, including considering with an open mind the suggestions made by the Secretary-General in his note. Some emphasized a need to focus discussions on policy implementation, while others stressed promoting more interaction, dialogue and results and reducing formality in the meetings.

50. The President concluded the discussion by reiterating that the meeting was supposed to be the start of a multi-stakeholder, consultative process on the topic and announcing that informal consultations including all relevant stakeholders would be convened in the coming weeks. These consultations would hopefully enable deeper discussions of all relevant ideas and proposals with a view to adoption by the Council at its July substantive session of concrete recommendations for action by the General Assembly at its sixty-fourth session, as called for in the Doha Declaration. Representatives of all stakeholders at the meeting thanked the President and pledged to engage actively and productively in these upcoming consultations.

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Item 41 of the preliminary list*
Permanent sovereignty of the Palestinian people in the Occupied Palestinian Territory, including East Jerusalem, and of the Arab population in the occupied Syrian Golan over their natural resources

Economic and Social Council
Substantive session of 2009
Item 11 of the provisional agenda**
Economic and social repercussions of the Israeli occupation on the living conditions of the Palestinian people in the Occupied Palestinian Territory, including East Jerusalem, and the Arab population in the occupied Syrian Golan

Economic and social repercussions of the Israeli occupation on the living conditions of the Palestinian people in the Occupied Palestinian Territory, including Jerusalem, and of the Arab population in the occupied Syrian Golan

Note by the Secretary-General

In its resolution 2008/31, the Economic and Social Council requested the Secretary-General to submit to the General Assembly at its sixty-third session, through the Council, a report on the implementation of that resolution. The Assembly, in its resolution 63/201, also requested the Secretary-General to submit a report to it at its sixty-fourth session. The present report, which has been prepared by the Economic and Social Commission for Western Asia, is submitted in response to the resolutions of the Assembly and the Council.

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Report prepared by the Economic and Social Commission for Western Asia on the economic and social repercussions of the Israeli occupation on the living conditions of the Palestinian people in the occupied Palestinian territory, including Jerusalem, and of the Arab population in the occupied Syrian Golan*

Summary

The occupation of Palestinian territory, including East Jerusalem, the use of arbitrary detention, the disproportionate use of force, house demolitions, severe mobility restrictions, lack of building permits and closure policies continue to intensify the economic and social hardship of the Palestinian residents of the occupied Palestinian territory. Internal Palestinian conflict has also continued to cause casualties and disrupted the delivery of essential services to the population.

Attacks by Palestinian militants and the launching of rockets into Israeli cities from the Gaza Strip continued in 2008, as did Israeli military operations. In December 2008, the Israeli army launched a 22-day military operation in the Gaza Strip that killed a reported 1,440 people and injured 5,380, and gravely deepened the existing humanitarian and economic crisis caused by the ongoing blockade imposed by Israel on the Gaza Strip, which has remained isolated since June 2007, with rapidly deteriorating conditions, a near collapse of the private sector and shortages of essentials such as food, electricity and fuel.

The Israeli closure system remains a primary cause of poverty and humanitarian crisis in the occupied Palestinian territory, and restricts Palestinian access to natural resources, including land, basic social services, employment, markets and social and religious networks. However, despite those constraints, the Palestinian Authority managed to make some progress in areas such as security, public financial management, local public infrastructure and health and education services, not least because it was able to fully pay civil servants every month.

Israeli settlement and outpost expansion, land confiscation and the construction of a barrier in the occupied Palestinian territory, contrary to the road map and the Geneva Convention and other norms of international law, isolate occupied East Jerusalem, severely intrude into the West Bank and curtail economic and social life.

The ongoing occupation and expansion of settlements by Israel in the occupied Syrian Golan since 1967, in violation of Security Council resolution 497 (1981), and the restrictions imposed on the Syrian citizens living there also continue to create economic and social hardship for the Syrian Arab residents.

* The Economic and Social Commission for Western Asia would like to acknowledge its appreciation for the substantive contributions to the present report of the Department for Political Affairs, the United Nations Conference on Trade and Development, the United Nations Population Fund, the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the Office for the Coordination of Humanitarian Affairs, the International Labour Organization and the Office of the United Nations Special Coordinator for the Middle East Peace Process.

I. Introduction

1. In its resolution 2008/31, the Economic and Social Council stressed the importance of reviving the Middle East peace process on the basis of Security Council resolutions, including 242 (1967), 338 (1973), 425 (1978), 1397 (2002), 1515 (2003) and 1544 (2004), and the principle of land for peace, as well as compliance with the agreements reached between the Government of Israel and the Palestine Liberation Organization, the representative of the Palestinian people. The Economic and Social Council called for the lifting of the severe restrictions imposed on the Palestinian people, including those arising from ongoing Israeli military operations, and for other urgent measures to be taken to alleviate the humanitarian situation in the occupied Palestinian territory, especially the Gaza Strip. The Council stressed the need to preserve the national unity and territorial integrity of the occupied Palestinian territory, including East Jerusalem, and to guarantee the freedom of movement of persons and goods in the territory, including the removal of restrictions on going to and from East Jerusalem, and the freedom of movement to and from the outside world. In the same resolution, the Economic and Social Council called upon all parties to respect the rules of international humanitarian law and to refrain from violence against the civilian population, in accordance with the Geneva Convention relative to the Protection of Civilian Persons in Time of War, of 12 August 1949.

2. The Council called upon Israel, the occupying Power, to cease its destruction of homes and properties, economic institutions and agricultural lands and orchards in the occupied Palestinian territory, including East Jerusalem, as well as in the occupied Syrian Golan. It reaffirmed that Israeli settlements in the occupied Palestinian territory, including East Jerusalem and the occupied Syrian Golan, are illegal and an obstacle to economic and social development, and called for full implementation of the relevant Security Council resolutions and compliance by Israel, the occupying Power, with international law, including the Fourth Geneva Convention. It also stressed that the wall being constructed by Israel in the occupied Palestinian territory, including in and around East Jerusalem, is contrary to international law and is isolating East Jerusalem, fragmenting the West Bank and seriously debilitating the economic and social development of the Palestinian people, and called in this regard for full compliance with legal obligations laid out in the advisory opinion of the International Court of Justice rendered on 9 July 2004 (see A/ES-10/273 and Corr.1) and in General Assembly resolution ES-10/15. It requested the Secretary-General to submit to the Assembly at its sixty-third session, through the Council, a report on the implementation of the resolution.

3. In its resolution 63/201, the General Assembly reaffirmed the inalienable rights of the Palestinian people and the population of the occupied Syrian Golan over their natural resources, including land and water, and called upon Israel, the occupying Power, not to exploit, damage, cause loss or depletion of, or endanger the natural resources in the occupied Palestinian territory, including East Jerusalem, and in the occupied Syrian Golan. The Assembly recognized the right of the Palestinian people to claim restitution as a result of any exploitation, damage, loss or depletion, or endangerment of their natural resources resulting from illegal measures and actions taken by Israel, the occupying Power, in the occupied Palestinian territory, including East Jerusalem. The Assembly stressed that the wall being constructed by Israel in the occupied Palestinian territory, including in and around East Jerusalem,

is contrary to international law and is seriously depriving the Palestinian people of access to their natural resources, and called in this regard for full compliance with the legal obligations stipulated in the 9 July 2004 advisory opinion of the International Court of Justice and in resolution ES-10/15. The Assembly called on Israel, the occupying Power, to cease the dumping of all kinds of waste materials in the occupied Palestinian territory, including East Jerusalem, and in the occupied Syrian Golan, which gravely threaten their water and land resources, and pose an environmental hazard and health threat to the civilian populations. The Assembly further called upon Israel to cease its destruction of vital infrastructure, including water pipelines and sewerage networks, which, inter alia, has a negative impact on the natural resources of the Palestinian people. The Assembly requested the Secretary-General to submit a report at its sixty-fourth session on the implementation of the resolution.

II. Occupied Palestinian territory, including East Jerusalem

Deaths and injuries

4. The Israeli army continued to launch military operations in the West Bank and the Gaza Strip. Attacks by Palestinian militants and the launching of rockets into Israeli cities from the Gaza Strip continued in 2008. The number of casualties caused by the conflict has risen dramatically, mainly as a result of a series of Israeli military operations in the Gaza Strip, culminating in "Operation Cast Lead", which began on 27 December 2008. The Office for the Coordination of Humanitarian Affairs reported that casualties in the West Bank were related to settler-related violence, anti-barrier demonstrations, search and arrest operations, military patrols and Israeli army undercover operations. Between January 2008 and 19 January 2009, at least 1,766 Palestinians were killed as a result of the Israeli-Palestinian conflict, as compared with 396 in 2007. The majority, 1,715 — of whom 469 were children — were killed in the Gaza Strip. The number of Palestinians injured during the same period was 7,164, as compared with 1,843 in 2007. The majority, 5,814 — of whom at least 1,886 were children — were injured in the Gaza Strip.

5. During the 22 days of the Israeli military operation "Cast Lead", the population of Gaza endured intensive and almost uninterrupted aerial bombardments, artillery shelling and ground operations, resulting in the deaths of 1,440 people and injury to 5,380, according to the Palestinian Ministry of Health in Gaza. Of those killed, 431 were children and 114 were women; 1,872 of those injured were children and 800 were women.

6. While not directly a result of occupation, Palestinian internal conflict has also caused casualties. From January to October 2008, 106 Palestinians were killed and 573 injured as a result of internal violence.[1]

7. While the purpose of the present report is to describe the effects of the Israeli occupation on the Palestinian people, it is important to note that between September 2000 and December 2008, a reported 580 Israelis — 490 civilians and 90 security force personnel — were killed by Palestinians.[2] In 2008, 12 Israelis were killed and

[1] Office for the Coordination of Humanitarian Affairs, protection of civilians database (figures to the end of 2008 are not yet available).

[2] B'Tselem (see http://www.btselem.org/english).

23 injured between 1 January and 26 December, the date of the initiation of Operation Cast Lead. During Operation Cast Lead, the lives of approximately 1 million Israeli citizens living within 40 km of the border of the Gaza Strip were threatened by Palestinian rocket and mortar fire. Three Israeli civilians were killed and 182 injured. Ten Israeli military personnel were killed.[3]

Arbitrary arrests and detentions

8. On 3 February 2009, 7,951 Palestinians were reported to be detained in Israeli prisons, of whom 374 were minors, 50 of them under the age of 16. Of those, 564 Palestinian prisoners, including 5 children, are "administrative detainees" (detention without charge or trial).[4] As at the end of November 2008, more than 60 Palestinian women and more than 300 Palestinian children were reportedly being held in custody in Israeli prisons. In the West Bank, the Israeli authorities carried out at least 4,878 search operations and 3,896 detentions between 1 February and 31 December 2008. In the Gaza Strip, the Israeli army carried out 51 search operations and made 684 arrests.

Population displacement and property destruction and confiscation

9. Palestinians are displaced as a result of property destruction, land confiscation and the revocation of residency permits, as well as occasional deportation. During the first quarter of 2008, Israeli authorities demolished 124 structures in the West Bank because of a lack of permits. As 61 of the structures were residential, their demolition led to the displacement of 435 Palestinians, including at least 135 children. Most of the demolitions were carried out in January. The Office for the Coordination of Humanitarian Affairs recorded the demolition of 204 Palestinian-owned structures, including 108 residential structures, between February and December 2008. Those demolitions led to the displacement of more than 400 Palestinians. A total of 95 per cent of those demolitions were carried out because of the lack of a building permit, which is required by the Israeli authorities. Permits are seldom issued and very difficult for Palestinians to obtain, forcing many to build without them. During the first half of 2008, Israeli authorities demolished 37 homes in the Gaza Strip for military purposes, rendering 141 Palestinians, including 67 children, homeless.[5]

10. Displacement in the West Bank is also a result of the construction of the barrier. A survey conducted by the Palestinian Central Bureau of Statistics found that by June 2008, 27,841 people had been displaced since the beginning of the construction of the barrier, as compared with the 2005 figure of 14,364.

11. In the first 10 months of 2008, the Office for the Coordination of Humanitarian Affairs recorded 290 settler-related incidents targeting Palestinians and their property. It should be noted that, while not comprehensive, that total

[3] Office for the Coordination of Humanitarian Affairs, "Protection of Civilians Weekly Report", 16-20 January 2009, p.1; *The Humanitarian Monitor*, No. 33 (January 2009).

[4] Palestinian Authority contribution; B'Tselem (see http://www.btselem.org/english/statistics/Minors_in_Custody.asp and http://www.btselem.org/english/statistics/Detainees_and_Prisoners.asp).

[5] Palestinian Authority contribution; B'Tselem (see http://www.btselem.org/english/planning_and_building.

surpasses the number recorded by the Office in each of the previous two years (182 and 243 in 2006 and 2007, respectively).[6]

12. During the course of the Israeli operation Cast Lead in the Gaza Strip, tens of thousands of Palestinians were internally displaced. The human rights non-governmental organization Al Mezan estimated that, as at 15 January, at least 200,000 people had been displaced. Surveys conducted immediately after the ceasefire indicated that between 37 and 38 per cent of Gazans — over half a million people — had fled their homes at some point during the conflict for at least a short period of time. A survey led by the United Nations Development Programme of damaged and destroyed housing throughout Gaza conducted immediately following the ceasefire there, found that 3,354 houses had been completely destroyed and 11,112 houses were partially damaged. While the vast majority of the displaced stayed with relatives or friends, many were housed in schools and facilities of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). By 17 January, just prior to the commencement of the ceasefire, UNRWA was hosting close to 51,000 displaced persons in 50 emergency shelters.

13. During Operation Cast Lead, 52 UNRWA installations in Gaza were damaged by Israeli fire. On 15 January, the main UNRWA compound in Gaza City was directly hit by several Israeli shells. Hundreds of tons of food and medicine were destroyed. Approximately 700 Palestinians taking refuge in the building had to be evacuated. According to UNRWA, the shell that struck the building contained white phosphorus.[7] Preliminary estimates indicate that the cost of repairs to damaged Agency installations will exceed $3 million, not including the cost of replacement supplies and equipment. Losses in supplies are estimated at $3.6 million. It should be noted that other United Nations agencies, namely the Office for the Coordination of Humanitarian Affairs and the World Food Programme (WFP), reported damage to their offices and warehouses as a result of Operation Cast Lead.

Barrier

14. The total length of the barrier, as approved by the Israeli Cabinet in April 2006, is 723 km, more than twice as long as the 320 km Armistice Line of 1949 (Green Line). The majority of the route, approximately 87 per cent, runs inside the West Bank and occupied East Jerusalem, rather than along the Green Line. General Assembly resolution ES-10/15 acknowledged the advisory opinion of the International Court of Justice to the effect that the route of the barrier in the occupied Palestinian territory is contrary to international law.

15. The barrier intrudes significantly into the West Bank, looping around settlements and fragmenting the West Bank into non-contiguous enclaves of Palestinian territory, isolated from the rest of the West Bank. By September 2008, 57 per cent of the barrier had been constructed, passing through 171 Palestinian communities and displacing 27,841 people in 3,880 families. The Israeli authorities have confiscated 49,291 dunums[8] of land for the construction of the barrier, most of

[6] Office for the Coordination of Humanitarian Affairs, OCHA Special Focus: Unprotected — Israeli settler violence against Palestinian civilians and their property (December 2008).

[7] United Nations News Centre, http://www.un.org/apps/news/story.asp?NewsID=29558&Cr=gaza&Cr1=unrwa#.

[8] One dunum = 1,000 m^2.

which lie in the northern West Bank, which contains the most fertile lands. The barrier has also segregated 274,607 dunums from their owners.[9]

16. In the northern West Bank, the area between the barrier and the Green Line was declared a closed zone by military order in October 2003. Approximately 10,000 Palestinians residing in these areas have become physically separated from the rest of the West Bank. The majority require "permanent resident" permits from the Israeli military to continue to live in their own homes. Health and education services are generally located on the other side of the barrier, so children, patients and workers have to pass through gates in order to reach schools, medical facilities and workplaces and to maintain family and social relations. When complete, approximately 35,000 West Bank Palestinians will be located in between the barrier and the Green Line, as will the majority of the approximately 250,000 Palestinian residents of occupied East Jerusalem. The percentage of Palestinian households displaced by the barrier has increased by 58 per cent since 2005, and the areas completely closed increased by 50 per cent.[10]

17. The barrier also isolates the land and water resources of an ever larger number of Palestinians, in particular farmers, who now require "visitor" permits to access their lands through designated gates. In the northern West Bank, permit requirements have become more stringent over the years. Fewer than 20 per cent of those who used to farm their lands in the closed area are now granted permits.[11] For the minority who are granted permits, access is through one of the approximately 70 designated barrier gates and checkpoints which open on a daily, weekly or seasonal basis. There are also restrictions on the passage of vehicles, agricultural equipment and materials. The restrictions resulting from the permit and gate regime severely curtail opportunities for cultivation, which has a negative impact on agricultural practice and rural livelihoods.

18. The barrier isolates densely populated Palestinian localities currently inside the Jerusalem municipal boundary from the city, while physically separating neighbouring West Bank villages that were once closely connected to occupied East Jerusalem. The completion of the barrier around the Ma'ale Adumim settlement bloc will physically separate occupied East Jerusalem from the rest of the West Bank and will further restrict access by Palestinians to workplaces, health, education and other services and places of worship.

19. Further south, the barrier already separates Bethlehem from occupied East Jerusalem. Construction of the barrier around the Gush Etzion settlement bloc will sever the territorial contiguity of Bethlehem and curtail its potential for natural growth. It will also separate the city from its agricultural hinterland, which comprises nine Palestinian communities of approximately 22,000 residents, who will face restricted access to services in Bethlehem, including markets, health services and higher education.

[9] Palestinian Central Bureau of Statistics.

[10] Ibid.

[11] Office for the Coordination of Humanitarian Affairs, *OCHA Special Focus: The Barrier Gate and Permit Regime Four Years On — Humanitarian Impact in the Northern West Bank* (November 2007).

Mobility restrictions and closure policies, including access to humanitarian assistance

West Bank access in 2008

20. Palestinian restrictions on movement have remained severely constrained. In its latest survey, completed on 11 September 2008, the Office for the Coordination of Humanitarian Affairs documented 630 closure obstacles blocking internal Palestinian movement, including 93 staffed checkpoints and 537 unstaffed obstacles (roadblocks, earth mounds, road barriers and so forth).[12] The weekly average number of "flying" (random) checkpoints in 2008 stood at 73. The survey also found that almost three quarters of the main routes leading into the 18 most populated Palestinian cities and towns in the West Bank and almost half of the alternate routes were either blocked or controlled by an Israeli army checkpoint.

21. The closure obstacles constitute only one of several layers of a complex system of movement restrictions. The barrier also plays a major role in that system. Approximately 21 per cent of the West Bank has been declared "closed military zone" over the years, and an additional 3 per cent lies within the outer limits of 149 Israeli settlements and industrial zones, largely inaccessible to Palestinians.

22. Access by Palestinians to occupied East Jerusalem is prohibited by Israeli law, except for those Palestinians who hold an Israeli identity card or a special permit, which is rarely granted. In the Ramallah district, Israeli authorities have constructed a road system which effectively diverts Palestinian traffic away from primary roads in the occupied territory, which are now reserved for the exclusive use of Israelis. That exclusion is reinforced by hundreds of physical obstacles restricting access by Palestinians to primary roads.

23. The Israeli authorities have reduced from 12 to 4 the number of crossings through which the United Nations is authorized to import goods from Israel to the West Bank. Israeli security staff at checkpoints cause United Nations staff to experience delays, most of which are due to requests that go against the agreed privileges and immunities of the United Nations. A peak in the number of incidents occurred in April 2008 (181 incidents).

24. In the West Bank, a considerable number of the 918 incidents of delayed or denied access reported by UNRWA staff in 2008 affected the delivery of emergency humanitarian assistance, including the transportation of food aid, medicine, mobile health teams and food distribution teams. The number of access incidents reported in 2008 (918) was nearly four times as high as in 2007 (231). Those affected included teachers, doctors and nurses, social workers and field office staff, this had a negative impact on the delivery of education and health services and relief operations. UNRWA reported that its West Bank field office lost an estimated 2,199 workdays in 2008 as a result of access restrictions.

Restrictions on access to and from the Gaza Strip

25. The blockade imposed on the Gaza Strip following the forceful Hamas takeover of Gaza in June 2007 continued throughout 2008. The Government of

[12] This figure does not include 8 checkpoints located on the Green Line, 69 obstacles located in the Israeli-controlled section of Hebron City (H-2) and 56 gates along the West Bank barrier.

Israel has expressed concern that arms were being smuggled through the borders of the Gaza Strip and that rocket and mortar fire continued from the Gaza Strip into Israel during the reporting period. The main components of the blockade are the closure of Karni, the largest commercial crossing; the suspension of all exports and most industrial/non-humanitarian imports; a severe reduction in the amount of fuel allowed to enter; an almost total ban on the movement of Palestinians through Erez, the sole passenger crossing with Israel and the West Bank; and a partial closure of the Rafah crossing point, the only passenger crossing point with Egypt. This blockade has created a deep humanitarian crisis leading to the widespread erosion of livelihoods and a significant deterioration in infrastructure and essential services.

26. The daily average of truckloads allowed into the Gaza Strip during 2008 through official crossings stood at approximately 100, about one fifth of the number allowed in May 2007, immediately before the beginning of the blockade (475 truckloads a day). Throughout the year, Israel also continued to place restrictions on the type of commodities allowed to enter, damaging the Gaza Strip's already depressed private sector and compromising the provision of basic services.

27. The Erez crossing — the only passage for movement of people between the Gaza Strip and the West Bank via Israel — remained inaccessible for the large majority of the Palestinian population, with the exception of a small number of businessmen and emergency medical cases holding special permits. United Nations staff continued to face difficulties crossing at the Erez checkpoint from Gaza into Israel.

28. The Rafah crossing, which connects the Gaza Strip with Egypt, has remained officially closed since June 2007. However, the crossing has been opened by the Egyptian authorities for a few days every month to allow the movement of limited numbers of medical patients, pilgrims, students and political delegations.

29. As a result of the Israeli military operation Cast Lead in the Gaza Strip, on 8 January 2009 the Security Council adopted resolution 1860 (2009), calling for an immediate ceasefire and withdrawal of Israeli troops from Gaza and for unimpeded provision of humanitarian assistance, and condemning all violence directed against civilians. The Council also called for efforts to prevent illicit trafficking in arms and to ensure sustained reopening of crossing points on the basis of the 2005 Agreement on Movement and Access between the Palestinian Authority and Israel.

30. Since the cessation of Operation Cast Lead, the Israeli authorities have allowed only selected international aid workers into the Gaza Strip. According to the Office for the Coordination of Humanitarian Affairs, of the 178 requests to enter the Gaza Strip submitted by international non-governmental organizations during January 2009, only 18 requests for medical staff were approved.

The humanitarian and socio-economic impact of the Israeli military operation Cast Lead

31. By April 2009, the closure had not been lifted, and the flow of goods and cash into the Gaza Strip continue to be severely restricted. An alternative tunnel economy, largely regulated by Hamas, has developed in Rafah along the Egypt-Gaza border, with estimates of the number of active tunnels ranging from 200 to 600. These were targeted by Israeli air strikes starting in December 2008 because of suspicions that arms were being smuggled through the tunnels. Following the

ceasefire, operations are reported to have resumed in many of the tunnels, supplying the market with a range of goods, including fuel.

32. During Operation Cast Lead, the limited supply of fuel allowed into the Gaza Strip from Israel, combined with damage incurred to main power lines and transformers, the limited access for technical teams to damaged areas and the closure of the power plant, rendered more than 60 per cent of the population of the Gaza Strip without electricity during the three-week period of military operations.

33. The power outages, coupled with the severe shortage of fuel and spare parts for backup generators, have disabled parts of the water and sanitation system. On 27 December, about 80 per cent of the Gaza Strip's water wells were partially functioning and the rest were non-functional. The lack of fuel and spare parts forced the Gaza water utility to discharge millions of litres of raw sewage into the sea every day, resulting in significant environmental damage, including to marine life.

34. At the height of Operation Cast Lead, approximately 500,000 Palestinians in the Gaza Strip did not have access to running water, as the Coastal Municipalities Water Utility was unable to repair damage to water and wastewater networks. A further 500,000 people received water for only a few hours a week, and the remaining population received water for between 4 and 6 hours every 2 or 3 days.

35. Damage to sewerage networks and pumping stations affected thousands of people, with raw sewage flooding some streets. On 10 January 2009, the Gaza City wastewater treatment plant was hit during military operations. As a result, one pond treatment embankment was severely damaged, causing the leakage of 200,000 m^3 of wastewater into the nearby agricultural fields. Moreover, one of the plant's sewage pipelines was also hit and damaged on the same day. The damage resulted in the leakage of an estimated 20,000 m^3 per day until 23 January.

36. Preliminary findings of the Palestinian Hydrology Group initial rapid needs assessment of households showed that some 5,700 rooftop tanks were completely destroyed and 2,900 damaged. in a couple of areas, 50 per cent of the water networks were destroyed, while other areas sustained damage to 30 to 35 per cent of their water networks.

37. The Gaza Strip health-care system faced serious challenges during Operation Cast Lead. Medical facilities were repeatedly struck during bombardments, and medical staff were themselves victims of some attacks. In the course of the three-week military operation, 16 medical personnel were killed and 26 were injured while on duty. The Israeli bombardment damaged or destroyed 29 ambulances and hit medical facilities. Of the 122 health facilities in the Gaza Strip, 48 per cent were either damaged or destroyed by direct or indirect shelling. On 20 March 2009, all Gaza Strip patient referrals for treatment outside of the Gaza Strip were halted owing to the refusal of the Palestinian Ministry of Health to approve applications issued by the Hamas-controlled Ministry of Health Referral Department in the Gaza Strip.[13]

38. The three weeks of continuous bombardment by air, land and sea has also had a serious detrimental psychosocial impact on residents of the Gaza Strip, particularly on children.

[13] Office for the Coordination of Humanitarian Affairs/World Health Organization, joint statement of concern over the halting of Gaza medical patient referrals (30 March 2009).

39. Of particular concern is the impact of the conflict on chronically ill patients. It is estimated that the treatment of 40 per cent of such patients was interrupted as a result of the fact that life-threatening injuries were accorded higher priority in the overwhelmed system. The referral of chronically ill patients to Israeli and West Bank hospitals came to an almost complete halt during the course of the military operations.

40. The United Nations issued a flash appeal on 5 February 2009 amounting to $613 million. The appeal incorporates 106 non-governmental organizations and 82 United Nations projects to respond to the emergency humanitarian and early recovery needs of 1.4 million people in Gaza over a period of nine months in the areas of education, agriculture, health and food security, among others. Despite the assurances by the Government of Israel that humanitarian goods would be allowed into the Gaza Strip, by April 2009 the United Nations was still unable to implement large parts of the flash appeal owing to the refusal to permit the entry of necessary goods and personnel.

Israeli settlements

41. From 1967 to the end of 2007, Israel established 120 settlements in the West Bank, excluding occupied East Jerusalem, which were recognized by the Ministry of the Interior of Israel as Israeli "communities" within the occupied territory. Twelve other settlements are located on land annexed by Israel in 1967 and made part of the Israeli municipality of Jerusalem. In addition, there are approximately 100 "outposts", which are settlements unauthorized and unrecognized by the Israeli authorities. As a result, almost 40 per cent of the West Bank is currently taken up by Israeli infrastructure associated with the settlements, including roads, barriers, buffer zones and military bases.

42. At the end of 2008, an estimated 193,700 Israeli settlers were living in occupied East Jerusalem,[14] while approximately 289,600 Israeli settlers were living in the West Bank.[15] A study by Ariel University Centre of Samaria revealed that over a period of 12 years, the settler population in the West Bank grew by 107 per cent, from 130,000 in 1995 to 270,000 at the end of 2007. In 2008, the number of tenders issued in occupied East Jerusalem increased by a factor of nearly 40 as compared with 2007.[16]

43. During 2008, 1,518 new Israeli structures were constructed in the West Bank, 61 per cent of them west of the barrier and 39 per cent east of it. Those structures include 748 permanent buildings in Israeli settlements, as compared with 800 in 2007, marking a 60 per cent increase.[17]

44. In March 2009, Peace Now, an Israeli non-governmental organizations, revealed that the Government of Israel had already approved the construction of at least 15,000 housing units in the occupied Palestinian territory, while approval was pending for plans for an additional 58,000 housing units. Of those housing units, 5,722 are planned for occupied East Jerusalem. If those plans materialize, the

[14] B'Tselem (see http://www.btselem.org/english/Settlements/Statistics.asp).
[15] Israeli Central Bureau of Statistics (see http://www.cbs.gov.il/population/new_2009/table1.pdf).
[16] European Union heads of mission report on East Jerusalem.
[17] Peace Now, "Summary of Construction in the West Bank 2008", available at http://www.peacenow.org.il/site/en/peace.asp?pi=61&docid=3508&pos=1.

number of settlers in the occupied territory will be doubled (an addition of approximately 300,000 settlers, based on an average of 4 people in each housing unit).[18]

Natural resources, water and environment

45. The water supply and sanitation services for Palestinians in the occupied Palestinian territory continue to be insufficient and unreliable in terms of quality and quantity. The Israeli authorities and water utility companies withdraw water from sources within the occupied Palestinian territory to supply Israeli cities, and then sell the surplus back to Palestinians. Preliminary data from the Palestinian Water Authority indicates that water purchased by Palestinians in the West Bank for domestic use from the Israeli water company Mekorot amounted to 47.8 million m^3 in 2008.[19] Israel prevents Palestinians from drawing water from the Jordan River, while itself using 86 per cent of renewable underground water sources in Palestinian areas. In addition, 35 Palestinian wells have become isolated by the barrier and thus unavailable to Palestinians.

46. According to the Israeli non-governmental organizations Yesh Din, 11 Israeli corporations are illegally operating quarries in the West Bank. Yesh Din alleges that 75 per cent of the output from the quarries is for the use of the Israeli construction industry, in violation of the obligations of Israel under international law to protect and preserve the national resources of the West Bank.[20]

Socio-economic indicators

47. The occupation of the West Bank and the Gaza Strip continues to cause socio-economic hardship for the Palestinian population. Poverty levels in the Gaza Strip for 2007 are estimated at 80 per cent of households, as compared with 45 per cent in the West Bank.[21] While data on 2008 poverty levels are not yet available, the humanitarian crisis, severe restrictions on the entry of goods and humanitarian aid and cash shortages in the Gaza Strip suggest that poverty levels for 2008 will increase even further. According to the Palestinian Central Bureau of Statistics, unemployment (relaxed definition, which includes those not actively seeking work) rose from 32.7 per cent in the third quarter of 2008 to 33.4 per cent in the fourth quarter, with 48.8 per cent unemployed in the Gaza Strip, as compared with 26 per cent in the West Bank.[22] Inflation has risen dramatically, from about 1 per cent in 2007 to about 7 per cent in December 2008, which has further strained the coping strategies of the poor.[21]

48. The reduction in the number of imports and the ban on exports have had a destructive impact on the livelihoods of the population of the Gaza Strip. According to the United Nations Conference on Trade and Development, about 95 per cent of

[18] Peace Now, "Ministry of Housing's Plans for the West Bank — March 2009", available at http://www.peacenow.org.il/site/en/peace.asp?pi=61&docid=3566.

[19] Palestinian Central Bureau of Statistics, press release on the occasion of World Water Day, 22 March 2009.

[20] See www.yesh-din.org/site/index.php?lang=en.

[21] International Monetary Fund, *Macroeconomic and fiscal framework for the West Bank and Gaza: third review of progress* (February 2009), p. 2.

[22] Palestinian Central Bureau of Statistics, labour force survey for the fourth quarter of 2008 (February 2009).

industrial operations had already been suspended by the end of 2007. On the eve of the military operation of December 2008, an estimated 23 out of 3,900 industries were operating and an estimated 34,000 workers in the industrial sector had lost their jobs. The blockade paralysed large parts of the agricultural sector. Repeated Israeli incursions into the Gaza Strip have damaged land, crops and equipment and rendered large agricultural areas located in the so-called buffer zone off-limits to Palestinians. The lack of cash flow into the Gaza Strip has rendered Palestinian Authority employees, pensioners and social hardship cases unable to collect their salaries, pensions and welfare payments in cash.

49. Initial estimates by the Palestinian Central Bureau of Statistics put direct economic losses resulting from infrastructure and property destruction from Operation Cast Lead at approximately $1.4 billion by 13 January 2008 for the first 17 days of the operation. Income losses are estimated at $24 million per day. For the 17-day period, the cumulative loss is estimated to be approximately $408 million. This represents 80 per cent of the annual gross domestic product (GDP) of the Gaza Strip in recent years.

Palestinian fiscal situation

50. Despite continued restrictions on mobility and access to natural and financial resources, the Palestinian Authority has continued with institution-building and fiscal policy reforms. Government employment policy has been curtailed, wage rates have been reduced by 11 per cent in real terms and measures have been implemented to improve utility bill payments. The public finance management system has been strengthened by prioritizing and improving the quality of spending. Non-wage expenditure was about 1 per cent higher than budgeted. The draft 2009 budget includes further reforms and deficit-reduction measures, with the continued diversion of spending away from wages and subsidies and towards public investment. A supplementary budget is currently being prepared to include the cost of reconstruction and rehabilitation in the wake of the destruction in the Gaza Strip resulting from Operation Cast Lead.[23] Palestinian Authority total revenue fluctuated sharply, dropping from $1.1 billion in 1999 to $300 million in 2002, rising to $1.2 billion in 2005, and falling back down to $360 million in 2006 before increasing to $1.2 billion in 2007. Consequently, despite austerity measures, the Palestinian fiscal deficit jumped from 17 per cent of GDP in 2005 to 27 per cent in 2007. In 2008, the Palestinian Authority continued its implementation of fiscal policy reforms, with the result that the recurrent fiscal deficit is estimated to have declined to 19 per cent of GDP, reflecting a wage bill reduction of 11 per cent in real terms and reduced utility subsidies.[21]

Public health and food insecurity

51. Despite large inflows of aid, a joint rapid food survey conducted by WFP, the Food and Agriculture Organization of the United Nations and UNRWA in April 2008 estimated that 38 per cent of the Palestinian population of the occupied territory is food insecure. Food insecurity is higher in the Gaza Strip than in the West Bank:

[23] International Monetary Fund, *Macroeconomic and fiscal framework for the West Bank and Gaza: third review of progress* (February 2009), pp. 4-6; World Bank, *West Bank and Gaza Financial Sector Review* (December 2008).

56 per cent, as compared with 25 per cent.[24] High unemployment and underemployment in the Gaza Strip, compounded by the global inflation in food prices, has had a significant impact on the food security and nutrition level of the population. The survey also reveals that there has been a gradual shift in the diet of Gazans from high-cost, protein-rich fruits, vegetables and animal products to low-cost, high-energy cereals, sugar and oil. That change is likely to be reflected in increased rates of micronutrient deficiency, with children and women of childbearing age being the worst affected.

52. Because of frequent power cuts, most hospitals and health facilities in the Gaza Strip have had to rely extensively on backup generators to ensure the provision of medical services. Medical equipment has been damaged as a result of power cuts and water impurities. The situation is further compounded by the lack of maintenance and spare parts due to the blockade.

53. Health indicators in the Gaza Strip continued to compare unfavourably with those in the West Bank, with consistently higher infant and maternal mortality rates (infant mortality rates: 25.2 per 1,000 in the Gaza Strip and 15.3 per 1,000 in West Bank; maternal mortality rates: 37.5 per 100,000 births in the Gaza Strip and 8.2 per 100,000 births in West Bank, according to UNRWA data), a lower life expectancy and higher levels of undernutrition and micronutrient deficiency.

Youth and education

54. The Israeli occupation continues to have a negative impact on access to education by young people in both the West Bank and the Gaza Strip. Restrictions on movement and the construction of the barrier in the West Bank and military operations in the Gaza Strip impede access to schools and other educational activities by students and teachers. As a consequence, the quality of education is reportedly declining. The Palestinian Authority Ministry of Education reported a decline in enrolment rates and test scores in mathematics, Arabic and English, according to the results of national tests conducted for the school year 2007/08.[25]

55. According to the United Nations Children's Fund (UNICEF), violence against children in the occupied Palestinian territory rose between late 2006 and early 2008, reflecting growing tensions in schools and households caused by worsening socio-economic and humanitarian conditions in the West Bank and the Gaza Strip. UNICEF has also reported that children are manifesting high levels of psychological distress such as withdrawal, sleeplessness, nightmares, aggressiveness and poor concentration.[26]

56. With 56 per cent of the population of the Gaza Strip under the age of 18, children and young people bore a disproportionate share of the impact of Operation Cast Lead in the Gaza Strip. Current reports show that 7 schools in the northern part of the Gaza Strip were badly damaged and over 150 primary schools were partially damaged. The movement of teachers, young people and, in particular, children, to and from schools remains dangerous, owing to unexploded ordnance. In the days immediately following the ceasefire, two Palestinian children were killed by

[24] Office for the Coordination of Humanitarian Affairs, *Occupied Palestinian territory: 2009 Consolidated Appeal*, p. 34.

[25] Ibid., pp. 27 and 42.

[26] Ibid., pp. 27 and 28.

unexploded ordnance in Al-Zaitoun. Schools, 60 per cent of which were already running double shifts prior to the recent conflict, may now have to run triple shifts. They are not designed to accommodate such an additional student load.

Status of women

57. The participation rate for women in the labour force was only 15.2 per cent in 2008, as compared with 66.8 per cent for men. The unemployment rate for women in 2008 was 23.8 per cent. The poverty rate among households headed by females was 61.2 per cent, compared with 56.9 per cent for households headed by males in the occupied Palestinian territory in 2007. The poverty rate among female-headed households with seven or more children is 79.7 per cent, compared with 68.6 per cent for households with five or six children.

58. According to UNICEF and the United Nations Development Fund for Women, an estimated 2,500 pregnant women per year face difficulties in obtaining access to a delivery facility owing to the Israeli closure system. In addition, the United Nations Population Fund highlighted the risks for more than 40,000 pregnant women in the Gaza Strip who were denied proper medical treatment during the military operation of December 2008 and January 2009.

III. Occupied Syrian Golan

59. The Syrian Golan, which measures approximately 1,250 km^2, has been under Israeli occupation since 1967. The decision of the Israeli Government to impose its law, jurisdiction and administration over the occupied Syrian Golan was deemed null and void by the Security Council in its resolution 497 (1981).

60. Israel prevents the return of those members of the Arab population of the occupied Syrian Golan expelled in 1967. By 2008, the remaining 18,000 Syrian citizens were living in five main towns in the occupied Syrian Golan.[27] At the same time, an estimated 18,000 Israeli settlers live in 32 settlements in the occupied Syrian Golan.[28]

61. Construction of infrastructure and housing by Israel was actively pursued in 2007 and early 2008.[29] The Israeli Land Department put up 2,500 dunums of land in the occupied Golan for sale to settlers. According to a recent decision by the Regional Settlements Council in the occupied Syrian Golan, a new settlement tourism village will be built by 2010, on 40 dunums of land close to the destroyed village of Amudiyah, with an earmarked amount of $30 million.[30]

62. The Israeli occupation continues to have a negative impact on the livelihoods of the Syrian population in the occupied Golan as a result of measures imposed by the Israeli authorities, particularly the restrictions on land cultivation and farming, alleged land confiscation, the uprooting and destruction of trees and seedlings and discrimination with regard to access to water and construction. Land left

[27] Al Marsad, *Changing the Landscape: Israel's Gross Violations of International Law in the Occupied Syrian Golan* (November 2008), p. 21.

[28] A/63/519, para. 42.

[29] Ibid.

[30] A/63/273, para. 102.

uncultivated is subject to confiscation by the Israeli authorities.[31] It should be noted that the International Committee of the Red Cross (ICRC), with the support of the United Nations Disengagement Observer Force (UNDOF), assisted in transporting almost 8,000 tons of apples in 2009 from the occupied Golan to markets in the Syrian Arab Republic. There were no apple transfers in 2008 because of poor harvests.[32]

63. As a result of discrimination with regard to access to water and subsidies granted to Israeli producers, combined with a high dependency on the Israeli market, cultivation is more difficult for the Syrian citizens of the Golan.[33] The Israeli water authority imposes discriminatory water quotas on Syrian farmers: the quota for Israeli settlers is 450 m^3 of water per dunum of land, and the quota for Arab farmers is 90 m^3 per dunum. In addition, Syrian citizens pay more for water as a result of an indirectly discriminatory tariff system. Syrian citizens are therefore unable to produce the same quantity of high-quality produce per dunum of land as Israeli settlers in the region.[34]

64. Employment prospects for the Syrian population in the occupied Syrian Golan remain bleak. Students benefiting from university education find few employment prospects in the occupied Syrian Golan. Employment opportunities in the Israeli administration are limited and Syrian citizens reportedly face discrimination in access to such jobs because of their political opinions and refusal to take up Israeli citizenship.[35]

65. Syrian community leaders have launched an appeal to end restrictions on travel from the occupied Syrian Golan to other parts of the Syrian Arab Republic and to maintain their Syrian Arab identity.[36] During the first six months of 2008, 19 students and 7 civilians crossed between the occupied Golan Heights and the Syrian Arab Republic with the assistance of UNDOF and ICRC.[37] However, it has been reported that on 18 April 2008, Israeli authorities confiscated the Syrian identity cards of 19 students from the occupied Golan who were returning home after having completed their studies at Syrian universities. The Syrian authorities reported that students from the occupied Golan Heights are prevented from completing their university education or gaining entry to particular faculties in Israeli institutions unless they accept Israeli nationality.[38]

66. The five occupied Syrian villages in the Golan suffer from a shortage of health centres and clinics. The villages have no access to a nearby hospital and citizens must go elsewhere for simple surgical procedures. Increased costs are incurred and there is resultant hardship because of the lack of doctors, specialist clinics,

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[31] *The situation of workers of the occupied Arab territories* (Geneva, International Labour Office, 2008); appendix to the report of the Director-General, International Labour Conference, 97th session, 2008, para. 83.

[32] International Committee of the Red Cross, press release, 17 February 2009, available at http://www.icrc.org/Web/Eng/siteeng0.nsf/html/israel-syria-news-170209!OpenDocument.

[33] *The Situation of workers in the occupied Arab territories* (Geneva, International Labour Office, 2008); appendix to the report of the Director-General, International Labour Conference, 97th session, 2008, para. 88.

[34] Ibid., para. 84.

[35] Ibid., para. 86.

[36] Ibid., para. 88.

[37] S/2008/390, para. 3.

[38] A/63/273, para. 108.

including gynaecological and obstetrics departments, X-ray services and emergency rooms.[39]

67. There are an estimated 2 million mines and 76 minefields in the occupied Syrian Golan.[40] The long-term presence of the mines and the deterioration of their detonation systems continue to pose a threat to local inhabitants.[41] The total number of victims of Israeli mines in the occupied Syrian Golan is reported to be 531. Of those, 202 were fatalities. Children in particular are vulnerable to this threat. A total of 329 people have sustained permanent disabilities since the beginning of the occupation.[40]

68. The Syrian authorities have reported that as at 1 July 2008, 16 citizens from the occupied Syrian Golan were being detained in Israeli prisons.[42]

IV. Conclusions

69. A combination of closures and sanctions imposed by Israel in the occupied Palestinian territory and the recent military operation in the Gaza Strip led to a deepening of the humanitarian and socio-economic crisis in the occupied Palestinian territory in 2008.

70. Both the Security Council and the General Assembly have declared that the Israeli decision to annex the Golan is null and void.[43] Nevertheless, in 2007, Israel continued its expansion of settlements and its curtailment of the rights of the Syrian residents of the occupied Syrian Golan.

71. In his message of 10 March 2009 to the United Nations Seminar on Assistance to the Palestinian People, the Secretary-General called for a proper and durable ceasefire as soon as possible to allow for a return of calm in the Gaza Strip and southern Israel. He added that the situation at the crossings was intolerable, and that it was crucial that Israel take meaningful steps to ease the closure, without which Palestinian economic recovery cannot take place. He underscored that a ceasefire should pave the way for the reopening of all Gaza crossings based on the 2005 Agreement on Movement and Access, stating that Security Council resolution 1860 (2009) embodied those basic parameters. He pointed out that, in the West Bank, the efforts of Prime Minister Fayyad to improve security arrangements — an obligation under the road map — have borne fruit. However, he noted that Israeli raids had continued; checkpoints and curfews were still present; and settlement activity had accelerated. The latter contravened the road map obligations of Israel, as reaffirmed by both parties before the Quartet at Sharm el-Sheikh in November 2008. In closing, the Secretary-General observed that only a permanent negotiated political settlement, which would end the occupation, could provide a sustainable solution to the economic and humanitarian problems of the Palestinian people and lasting security for Israel. The United Nations would continue to do its part towards realizing the vision of two States, Israel and Palestine, living side by side in peace and security.

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[39] Ibid., para. 110.
[40] Ibid., para. 107.
[41] S/2008/390, para. 4.
[42] A/63/273, para. 106.
[43] Security Council resolution 497 (1981), General Assembly resolution 61/27.

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Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples by the specialized agencies and the international institutions associated with the United Nations

Assistance to the Palestinian people

Report of the Secretary-General

Summary

During the period under review, the government of Prime Minister Salam Fayyad made progress on fiscal, monetary and security reforms. Donors disbursed about $1.8 billion to finance the recurrent budget, which is well above the amount pledged at the Paris donor conference. During the International Conference in Support of the Palestinian Economy for the Reconstruction of Gaza, held on 2 March 2009, donors pledged approximately $4.5 billion to support the needs of the Palestinian people.

The overall economic and political situation was challenging. Increased isolation, internal Palestinian divisions and armed conflict led to substantial economic and humanitarian deterioration in the Gaza Strip, where Hamas continued its control. In the West Bank, although Israeli restrictions on movement decreased in some locations, the number of obstacles remained overall the same during the reporting period. Settlements and outposts have expanded and house demolitions have increased, in particular in East Jerusalem. Bilateral political negotiations between the Government of Israel and the Palestine Liberation Organization

* A/64/50.
** E/2009/100.

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continued, but no agreement was reached. Despite various attempts mediated by Egypt, no real progress has been made on intra-Palestinian reconciliation, prisoner exchange or a sustainable ceasefire.

The present report describes efforts made by United Nations agencies, in cooperation with the Palestinian Authority and donors, to support the Palestinian population and institutions.

I. Introduction

1. The present report is submitted pursuant to General Assembly resolution 63/140, in which the Assembly requested the Secretary-General to submit to it, at its sixty-fourth session, through the Economic and Social Council, a report on the implementation of the resolution, containing an assessment of the assistance received by the Palestinian people and of the needs still unmet and specific proposals for responding effectively to them. The reporting period was from May 2008 to April 2009.

2. Information on the living and socio-economic conditions of the Palestinian people is provided in several reports prepared by other United Nations agencies, in particular: (a) the report of the Economic and Social Commission for Western Asia (ESCWA) on the economic and social repercussions of the Israeli occupation on the living conditions of the Palestinian people in the occupied Palestinian territory, including Jerusalem, and of the Arab population in the occupied Syrian Golan (to be issued); (b) the annual report of the Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) (A/63/13); and (c) the Humanitarian Monitor reports of the Office for the Coordination of Humanitarian Affairs.

3. The humanitarian, economic and development needs of the Palestinian people are reflected in several documents. The consolidated appeals process for 2009 sought $875 million, including $615 million for Gaza, to address critical relief needs. The Palestinian Reform and Development Plan for 2008-2010 put forward priority investments in the governance, social, economic and private sectors, and infrastructure development worth $1.644 billion. The Palestinian National Early Recovery and Reconstruction Plan for Gaza for 2009-2010 sought $1.297 billion to support the social, private and governance sectors as well as infrastructure development in the wake of the crisis in Gaza in December 2008 and January 2009. During the International Conference in Support of the Palestinian Economy for the Reconstruction of Gaza, held in Sharm el-Sheikh, Egypt, on 2 March 2009, donors pledged approximately $4.5 billion to support the needs of the Palestinian people that were expressed through the above-mentioned documents.

4. Throughout the year, the Office of the United Nations Special Coordinator for the Middle East Peace Process and Personal Representative of the Secretary-General to the Palestine Liberation Organization and the Palestinian Authority continued its efforts to support the peace process and to ensure effective coordination among the Palestinian Authority, the United Nations, the international community and the Government of Israel, as well as to document the economic and social conditions in the occupied Palestinian territory.

5. The present report provides an overview of the work of the United Nations, in cooperation with Palestinian and donor counterparts, to assist the Palestinian people and institutions, as requested by the General Assembly in its resolution 63/140. Also included is a summary of key political developments and challenges relevant to the reporting period, as the international community works to alleviate the suffering of the Palestinian people and to support the political process among the parties.

II. Overview of the current situation

A. Political context

6. Bilateral negotiations between the Government of Israel and the Palestine Liberation Organization continued in 2008 pursuant to the Annapolis Joint Understanding of November 2007. However, the parties failed to reach an agreement. Nor was any agreement reached on the exchange of prisoners. Parallel efforts to improve conditions on the ground and implement the commitments contained in the Quartet's road map achieved mixed success. Meanwhile, the Annapolis framework was consolidated through Security Council resolution 1850 (2008), in which the Council stressed its commitment to the irreversibility of the negotiations and its support for the goal of an agreement addressing all core issues.

7. In the West Bank, the Palestinian Authority carried out security reforms and undertook concrete steps towards improving government institutions. The Government of Israel enhanced security cooperation, especially in the northern West Bank, but continued to carry out military operations. Settlement activity, the demolition of homes and the construction of the barrier continued. Movement and access restrictions remained at a constant high of over 600 obstacles to movement in the West Bank. Movement in and out of the Gaza Strip was severely restricted during the reporting period, with only a very limited number of aid workers allowed in and out of Gaza and hardly any Palestinians, except students, medical cases and pilgrims with specific permits.

8. Intra-Palestinian divisions persisted and rocket and mortar fire from Gaza continued, as did the closure of Gaza crossing points, until a *tahdi'ah*, or lull, between Israel and Hamas, was concluded in June 2008 with the facilitation of Egypt. That led to a substantial decrease in both Israeli incursions and rocket and mortar fire into Israel and a minor relaxation of the closure of Gaza. However, the *tahdi'ah* started to unravel in November 2008. November and December 2008 witnessed a sharp decrease in the quantity of goods, cash and personnel allowed into Gaza. Following the resumption of Israeli military incursions and Hamas rocket fire, Israel launched a ground, air and sea military operation codenamed "Cast Lead" from 27 December 2008 to 18 January 2009. Responding to the developments on the ground, the Security Council, in its resolution 1860 (2009), called for an immediate, durable and sustainable ceasefire, as well as for efforts to prevent the resupply of weapons to Gaza and to open crossings in accordance with the 2005 Agreement on Movement and Access.

9. Hostilities ended in the unilateral ceasefires that were declared on 18 and 19 January 2009, following which Palestinian reconciliation efforts resumed. In February, March and April 2009, new rounds of talks were held in Cairo under the aegis of Egypt, with committees focusing on the reform of the Palestine Liberation Organization, security, government, elections and conciliation. On 7 March 2009, Palestinian Prime Minister Fayyad submitted his resignation to facilitate the formation of a consensus government, but President Abbas did not accept it.

10. Elections were held in Israel on 10 February 2009, and a new Prime Minister, Binyamin Netanyahu, was sworn in on 31 March 2009.

B. Humanitarian and socio-economic context

Economic and fiscal developments

11. As a result of the situation in Gaza, the economic situation in the occupied Palestinian territory deteriorated further than envisaged in the Palestinian Reform and Development Plan. Real gross domestic product (GDP) was estimated to have declined by 13 per cent during the reporting period, while per capita income dipped to almost 34 per cent below its 2000 level. In addition, the inflation rate (annual percentage change) increased from 6.9 per cent in December 2007 to 12.5 per cent in July 2008 before falling to 7 per cent in December 2008. Changes in inflation during the year reflected world prices for food and petroleum products. The adverse impact of those factors on economic growth was tempered to some extent by improved security conditions in West Bank cities, as well as donor budgetary assistance that was higher than expected.[1]

12. The government of Prime Minister Fayyad continued to follow a strict government employment policy, freezing wage increases and improving payments of utility bills. The public financial management system was further strengthened. The recurrent fiscal deficit was estimated to have declined to 19 per cent of GDP in 2008, from 24 per cent in 2007, largely reflecting expenditure restraints on wages and reduced utility subsidies. In accordance with the Palestinian Reform and Development Plan, which envisaged the repayment of about NIS 1 billion in arrears owed to public sector employees in a phased manner from 2008 to 2010, the Palestinian Authority fully repaid all public and private arrears in 2008. This measure helped cushion the impact of the higher-than-expected inflation on the real incomes of the Palestinian Authority employees.

13. The Palestinian Monetary Authority continued to make progress in 2008 in internal reform and capacity development, including in strengthening their supervisory and governance framework. A Macroprudential Division was created, and progress was made in establishing an early warning system. A new credit registry allowed banks to better evaluate risks, reduce collateral requirements and improve credit flow. The financial legal framework was also strengthened, while an anti-money-laundering law has been in force since 2007.

14. The economic situation in Gaza deteriorated markedly during the reporting period, owing mainly to its increased isolation and the crisis of December 2008-January 2009. The restrictions on the entry of cash into Gaza decreased depositors' confidence in banks and further reduced the ability of Gaza's population to meet its basic needs. The liquidity crisis, which had already begun in June 2007, led in the reporting period to a non or partial payment of salaries for Palestinian Authority employees, social hardship cases supported by the European Commission's PEGASE mechanism and for the programmes of UNRWA. If it continues, the liquidity shortage could lead to unprecedented financial losses.

Humanitarian and social-economic developments

15. Violence reached high levels during the conduct of the Israeli military operation Cast Lead, during which 1,440 Palestinians were killed and 5,380

[1] IMF: macroeconomic and fiscal framework for the West Bank and Gaza: third review of progress, February 2009.

injured.[2] The operation also led to 13 Israeli fatalities and approximately 518 injuries.[3] Excluding the casualties incurred during operation Cast Lead, 178 Palestinians were killed (40 in the West Bank, compared with 82 during the previous reporting period, 138 in Gaza, compared with 605 during the previous reporting period) and a further 1,746 were injured (1,518 in the West Bank and 228 in Gaza). A total of twelve Israelis were killed by Palestinians and 192 were injured (compared with 23 killed and 347 injured during the previous reporting period). Militants in Gaza launched over 2,000 rockets and mortar shells towards communities in Israel during the reporting period. Between 1 May and 31 December 2008, 79 Palestinians were killed and 422 were injured in intra-Palestinian fighting.

16. Overall humanitarian conditions deteriorated, with increased unemployment and poverty, especially in Gaza, as a result of continued closure. The 2008 unemployment rate was estimated to be 40 per cent in Gaza and 19 per cent in the West Bank, up from an average of 30 per cent and 18 per cent in 2007. Data from a 2007 household survey found that 80 per cent of households in Gaza were living below the poverty line compared with 45 per cent in the West Bank.[1] Global increases in food prices over the past 12 months and reduced domestic agricultural yields due to adverse weather conditions placed further strains on the coping mechanisms of the Palestinians. Consequently, food insecurity in both Gaza and the West Bank increased,[4] despite ongoing large-scale food aid, job creation and cash assistance programmes. Furthermore, ongoing internal Palestinian divisions disrupted basic and community services.

17. Throughout the reporting period, most of the United Nations projects were halted owing to the lack of materials in Gaza. It became increasingly difficult to carry out humanitarian operations, and in November 2008, the Israeli authorities further restricted access of aid workers as well as delivery of commercial and humanitarian goods into Gaza. Those restrictions caused suspensions of food aid by UNRWA and the World Food Programme (WFP).

18. The already fragile situation in Gaza, which was under the de facto control of Hamas, deteriorated following the Israeli military operation Cast Lead, which lasted from 27 December 2008 to 18 January 2009. The operation resulted in extensive destruction of and damage to homes and the public infrastructure, as well as some United Nations and government facilities. An estimated 21,000 homes were destroyed or badly damaged in the fighting.[5] At the height of the fighting, nearly 51,000 people were displaced in shelters, and a larger number of people were believed to be living with host families.[6] The impact of the violence compounded the already serious humanitarian situation that had been caused by the 18 months of sustained closure of Gaza to all but the most essential commodities.

Movement and access

19. The Government of Israel took some steps towards removing obstacles and easing movement in the West Bank. However, the overall number of obstacles remained relatively stable during the reporting period, from 607 physical obstacles

[2] Gaza Ministry of Health figures. Independently verified figures not yet available.
[3] Report of the National Society of the International Red Cross Movement in Israel, January 2009.
[4] WFP Food Security and Market Monitoring Report Number 19, July 2008.
[5] The Palestinian Central Bureau of Statistics, February 2009.
[6] Consolidated Appeal Process 2009, p.1.

in April 2008 to 626 physical obstacles in February 2009.[7] The barrier and permit regime continued to restrict the access of Palestinians living in the West Bank to East Jerusalem and Israel. However, there was an increase in work permits granted to Palestinians to enter Israel and East Jerusalem, from 21,000 in 2007 to 23,000 in 2008.

20. No progress was made on the targets of the 2005 Agreement on Movement and Access, including the construction of the seaport or airport and the link between Gaza and the West Bank. Medical referrals for Gaza's residents to travel for outside treatment continued to require permits issued by the Israeli authorities. Between 1 May 2008 and 15 April 2009, 63 per cent (4,376 out of 6,960) of those who had been referred for medical treatment outside of Gaza received permits and visited the medical facility to which they had been referred. Access to medical facilities has been further complicated by the intra-Palestinian dispute that erupted after Hamas seized control over the Palestinian Referral Abroad Department on 22 March 2009.

21. Gaza's crossings remained closed for most of 2008, and smuggling through the tunnels played an increasing role in the economy. Some humanitarian assistance was allowed to enter Gaza, including the bulk entry of wheat grain, medicines and limited amounts of educational materials, but it proved to be very difficult to import other humanitarian goods, such as cement and generators. Moreover, UNRWA was long unable to bring paper into Gaza to print its human rights curriculum, while the Agency's emergency food aid programme was suspended on two occasions in 2008 due to lack of supplies. UNRWA continued to face difficulties in importing plastic for bags for its food distribution.

22. The Erez crossing point, the only passage for movement of people between Gaza and the West Bank via Israel, remained virtually closed after June 2007, except for representatives of foreign media, who were denied access in November 2008, and international aid organizations. Karni, the main crossing point for goods, continued to be closed as from June 2007, except for the conveyer belt. The Rafah crossing also remained officially closed, although a few hundred Palestinians, mainly persons seeking medical care, students and pilgrims, were able to cross each month for specific purposes.

23. During the reporting period, an average of 8.5 per cent of weekly needs of petrol, 26.0 per cent of diesel, 34.2 per cent of cooking gas and 59 per cent of industrial fuel came in through the Nahal Oz crossing, the only one technically equipped to handle fuel imports. The situation became particularly dire in December 2008, when Nahal Oz was open for only seven days. During that time, only 2 per cent of daily needs of petrol, 5 per cent of diesel, 12 per cent of cooking gas and 20 per cent of industrial gas entered.[8] Since then, there has been a ban on imports of petrol and diesel, except for small quantities delivered to UNRWA. Rationing of cooking gas for households and commercial and public use persists.

24. Israel continued to place restrictions on the types of commodities allowed to enter and exit Gaza, further crippling the already much reduced private sector and compromising the provision of basic services. A lack of cash led to fears that the banking sector would collapse and prevented the full provision of salaries to the

[7] Office for the Coordination of Humanitarian Affairs, Humanitarian Monitor, West Bank closure updates.

[8] Office for the Coordination of Humanitarian Affairs, Humanitarian Monitor, December 2008.

Palestinian Authority employees and the provision of emergency cash assistance to the most vulnerable refugees.

Barrier

25. Barrier construction within the occupied Palestinian territory in deviation from the Green Line continued despite the advisory opinion rendered by the International Court of Justice in July 2004 and the adoption by the General Assembly of resolutions ES-10/17 on 15 December 2006. As of August 2008, 57.2 per cent (415 km) of the planned route of the barrier (725 km) had been completed, and 62 km were under construction. The pace of construction has been slow since the previous report, and updated figures are not yet available. The United Nations Register of Damage Caused by the Construction of the Wall in the Occupied Palestinian Territory, which was established pursuant to resolution ES-10/17, commenced unimpeded its outreach and claim intake activities in Jenin Governorate, which was the first to have been affected by the construction of the barrier. Over 1,000 claim forms for registration of damage have been collected, and a number of them were reviewed by the Board of the Register of Damage and included in the Register. The Palestinian Authority, in particular the local authorities, cooperated fully and provided the necessary assistance. However, the Government of Israel continued to state that any claims in relation to damage caused by the barrier should be addressed through existing Israeli mechanisms. At the same time, the secretariat of the Register of Damage has experienced no practical difficulties in carrying out its activities on the ground as set forth in resolution ES-10/17.

III. United Nations response

26. United Nations agencies and programmes continued to fulfil their responsibilities and mandates to the best of their abilities. They adjusted to a situation characterized by a continued de facto political split between the Gaza Strip and the West Bank, the isolation of Gaza and the Israeli military operation "cast lead" in December 2008 and January 2009. As a result of the latter, a Gaza Flash Appeal was launched on 2 February, immediately after the ceasefire went into effect. A donors conference was held in Sharm el-Sheikh, Egypt, on 2 March 2009 to help rebuild Gaza, which resulted in pledges of approximately $4.5 billion.

27. Not only were Gaza and the West Bank politically divided during the reporting period, but the type of international assistance received by each also differed profoundly. While development strategies, community-based projects, technical capacity-building and budget support formed the basis of external assistance in the West Bank, in Gaza the focus was purely on emergency assistance, which deepened the policy divide.

A. Human and social development

Education

28. UNRWA continued to provide free education to over 250,000 pupils in 315 elementary and preparatory schools in the West Bank and Gaza. An estimated

$80 million was disbursed during the 2008/09 school year through this activity. The Agency provided skills and pre-service teacher training to over 3,000 persons. UNRWA launched the violence-free schools initiative in all schools and carried out training on codes of conduct in schools. In response to the deterioration of school standards in Gaza, a new "schools of excellence" scheme was implemented in 221 schools, which improved school governance, established a teacher training college and launched a special needs initiative.

29. The United Nations Educational, Scientific and Cultural Organization (UNESCO) provided technical assistance through teacher education, educational planning and management programmes, which led to the launch of a national teacher education strategy in May 2008. UNESCO launched a technical assistance programme worth euro 3.4 million to establish national systems and operational frameworks to implement the strategy and the Palestinian five-year education plan, and served as technical adviser to the educational sector working group. UNESCO also assisted in setting up career guidance for the educational system as a whole, in particular for technical and vocational education.

30. The United Nations Children's Fund (UNICEF) and UNRWA developed a joint pilot programme for child-friendly schools, providing an additional opportunity for six government and four UNRWA schools to develop the child-friendly school concept. A workshop was held for trainers and a plan of action was developed for implementation in 2009. UNICEF provided 1,100 mathematics and science teaching kits to schools, especially to those in disadvantaged areas in the West Bank and Gaza. Training on the utilization of the kits was conducted for 1,000 teachers. UNICEF also provided support for the re-establishment of libraries in 30 government schools and in 20 community centres. More than 4,000 children participated in reading as an extracurricular activity. After-school programmes were also implemented in 50 schools for girls. UNICEF provided equipment for the deployment of an education management information system in eight districts, which included 100 schools with the lowest performance.

31. The World Bank provided support to the Ministry of Education and Higher Education with a particular focus on enhancing the regulatory environment for tertiary education management, governance and quality assurance, as well as on promoting the internal and external efficiency of the tertiary education system. The project, funded by the World Bank ($10 million) and the European Commission (euro 5 million), provided funds to 39 tertiary education institutions to enhance their institutional self-assessment and strategic planning departments. In addition, the World Bank provides support to the Palestinian Authority's Education Sector Development Plan, the 2009 workplan and budget, with a total contribution of $5 million to $10 million.

32. The United Nations Development Programme (UNDP) Programme of Assistance to the Palestinian People provided support to the Ministry of Education and Higher Education through a grant of $7.5 million for the construction of four new schools, the rehabilitation of 12 schools and the provision of information and telecommunications equipment to 200 schools. The United Nations Development Fund for Women (UNIFEM) provided support to the Palestinian Rural Women's Access to Academic Counselling project in 21 locations throughout the occupied Palestinian territory, which led to the establishment of study centres in 24 locations, 156 academic counselling sessions, and open hours provided to 8,000 rural women.

The United Nations Population Fund (UNFPA) continued to build the capacity of teachers, school counsellors, school health-care staff, and school health committee coordinators for in-school information and counselling activities.

Health

33. UNRWA operated 56 health-care facilities in Gaza and the West Bank at a cost of $45 million. The Agency's medical staff carried out over 5,300,000 consultations in those facilities as the demand for primary health-care services continued to rise. UNRWA also supported environmental health projects in Gaza through the delivery of 1,000 tonnes of diesel fuel to providers of basic utility services, such as water, sewage pumping and solid waste collection.

34. UNFPA trained community health-care workers on safe childbirth and deployed them in remote areas and provided technical and financial support to both governmental and non-governmental organizations in strengthening the delivery of psychosocial services to young people. UNFPA also rehabilitated two maternity wards and provided medical equipment to four others. The Fund also provided emergency obstetric care and outreach services to 30 isolated communities. The UNDP Programme of Assistance supported the construction and rehabilitation of three hospitals and three mental health facilities and facilitated the training of staff, general practitioners and nurses.

35. The technical programmes of the World Health Organization (WHO), amounting to $1.4 million, facilitated the establishment of a mental health unit within the Ministry of Health to lead mental health reform in the occupied Palestinian territory, provide training and education, and establish a non-governmental organization for family associations. In addition, WHO disbursed up to $90,000 to establish a national committee for non-communicable diseases.

36. With the support of WHO, the Ministry of Health successfully prepared the 2008-2010 National Strategic Health Plan. WHO supported the Ministry in developing treatment protocols for a number of chronic conditions and training in using them, as well as in introducing new WHO growth standards and in building the capacity of central public health laboratories to monitor levels of micronutrients in fortified foods and in the population. WHO also continued to support the Nutrition Department of the Ministry of Health and initiated the establishment of an effective nutrition surveillance system, while UNICEF supported the formulation and adoption of a national policy on infant and young child feeding practices, and the new code on breast milk substitutes.

37. UNICEF provided support to the Ministry of Health through a programme, worth $3 million, aimed at maintaining vaccine security and availability of essential drugs and equipment under the Integrated Management of Childhood Illness initiative. This was complemented by the provision of direct support for improved management of the Expanded Programme on Immunization and cold chain capacity, resulting in sustained, high immunization coverage of more than 97 per cent of all infants from birth to 11 months of age.

38. The United Nations thematic group on HIV/AIDS, chaired by UNFPA, started an $11 million project to combat HIV in the occupied Palestinian territory. The project, which is supported by the global fund to combat HIV/AIDS, tuberculosis

and malaria is designed to halt the spread of HIV and sexually transmitted infections and improve the quality of life of those affected.

Employment

39. The International Labour Organization (ILO) and the UNDP Programme of Assistance supported the Ministry of Labour in establishing an Employment Support and Policy Committee, and provided technical assistance to the Employment Directorate and the local labour offices in the West Bank to improve management of labour markets and the provision of services. In addition, under its agreement with the Palestinian Authority, ILO conducted a skills introductory and validation workshop for in-depth mapping and analysis of technical and vocational education and training. ILO also provided policy recommendations for decision makers, experts and practitioners on the potential of the cooperative sector.

40. As part of the $30 million programme of the Islamic Development Bank, the UNDP Programme of Assistance channelled $4.8 million through comprehensive packages of financial and non-financial services to 1,400 poor Palestinian families, which became independent income providers in both West Bank and Gaza. The UNDP Programme of Assistance spent an additional $2 million on short-term employment opportunities for poor unemployed workers in Gaza through activities aimed at improving environmental conditions, such as cleaning Gaza's beaches, towns and villages. The Programme implemented projects valued at $1.6 million, which generated over 700,000 workdays in 260 locations in the West Bank and Gaza. UNRWA created 3.2 million workdays for 57,000 refugees and provided training in Gaza for 2,000 unemployed university graduates. UNIFEM trained 80 women from 28 women's centres in the West Bank in the management of school canteens in the 2008/09 academic year, and provided support to 15 women in the production of snacks for 63,000 kindergarteners. The women each earned an average salary of $150 per month.

41. The Ministry of Labour and the Ministry of Education and Higher Education approved the implementation of the ILO entrepreneurial education training toolkit "Know about business". The project, which was also supported by the UNDP Programme of Assistance, aimed developing positive attitude towards entrepreneurship and self-employment.

Targeted social assistance

42. Through its Special Hardship Case Programme, worth $184 per person per year, UNRWA distributed 496,316 food and cash subsidy packages on a quarterly basis to 30,500 households (including around two thirds in Gaza). A new poverty-based approach to social safety net assistance was also introduced through a pilot programme in Gaza. UNRWA also supported 21 community-based rehabilitation centres in promoting and equalizing opportunities for persons with disabilities. The rehabilitation centres provided services to 11,628 persons. The World Bank provided cash benefits to 25,000 households, as well as technical assistance to support the Ministry of Social Affairs in carrying out reforms of the social safety net, costing $25 million. In addition, the UNDP Programme of Assistance started to distribute $50 million in cash assistance to Gaza's population.

43. The World Bank covered non-salary-based recurrent expenditure with around $90 million for the Ministries of Health, Education and Social Affairs in order to

maintain a network of public social services for all Palestinians, and in particular the poor and most vulnerable.

Cultural heritage

44. UNESCO assisted the Ministries of Culture and Tourism and Antiquities by developing and implementing a number of projects involving the Riwaya Museum in Bethlehem and the protective shelters and visitors' facilities at Hisham's Palace in Jericho, and in the Bethlehem and Nablus Governorates.

Human rights, women, children and youth

45. The Office of the United Nations High Commissioner for Human Rights (OHCHR) organized a series of workshops on the universal periodic review mechanism of the Human Rights Council to support civil society groups in their access to international human rights mechanisms and to promote accountability. The Office trained police officers of the Police Academy in Jericho and Prosecutors in Ramallah in human rights standards and mechanisms. OHCHR also trained 66 teachers at the primary and secondary levels in Ramallah, Nablus and Bethlehem in issues related to addressing children's priority needs in conflict situations.

46. In order to promote the advancement of refugee women as partners in the development process, UNRWA supported 26 Women Programme Centres and, in the course of 2008, 3,094 women attended courses in computer literacy, first aid, hairdressing and sewing. Many programmes targeted the entire community so as to promote women's self-reliance. A total of 22,403 persons attended awareness-raising lectures and 6,775 people sought advice from legal aid bureaux housed in the community centres. UNRWA also introduced the equality in action programme to address the needs of Palestinian girls and women in Gaza. The initiative was designed to address inequality at all levels of social, economic and political life.

47. The UNDP Programme of Assistance established two women's vocational training centres in the towns of Nuseirat and Jabalia (Gaza Strip) offering access to social and economic services to women and their families, and established a community development house in Silwan in East Jerusalem. The Programme also provided vocational training to more than 1,850 women. ILO facilitated a number of gender workshops for employees of the Ministries of Women's Affairs and Labour and Planning, and of the Federation of Palestinian Chambers of Commerce, Industry and Agriculture, and the Palestine General Federation of Trade Unions.

48. UNFPA worked on strengthening community-based organizations established to institutionalize the provisions contained in Security Council resolution 1325 (2000) and to provide health services, counselling, microcredit and health education. In addition, UNFPA worked with the Ministry of Women's Affairs to establish a national committee for combating gender-based violence.

49. The Food and Agriculture Organization of the United Nations (FAO) provided emergency support and employment generation, worth $904,149, to 4,550 households headed by women through backyard farming and cottage industries. Through training in food processing and cottage industries and through marketing initiatives, FAO sought to make those income-generating activities sustainable. In order to promote agricultural entrepreneurship skills among youth in Gaza, FAO provided training in small-scale farming to 480 young persons in 4 schools in Gaza and

12 schools in the West Bank through its Junior Farmer Field and Life School training schemes.

50. UNICEF implemented projects in the area of child protection, worth $2.9 million, and worked with community leaders to disseminate child protection messages, develop psychosocial services and coordinate reporting on child-protection issues, including those set out in Security Council resolution 1612 (2005).

51. UNFPA provided technical and financial support to governmental and non-governmental organizations in order to strengthen their delivery of psychosocial services to young people and to provide economic opportunities to young university graduates. In 2008, 23,090 young persons were provided with psychosocial support and 100 with economic opportunities.

52. The Summer Games 2008, sponsored by UNRWA, which is the largest recreational youth initiative to have taken place in Gaza to date, catered to over a quarter of a million participants over a period of 10 weeks. The activities provided included swimming and a variety of sports, arts and crafts, environmental activities and field trips to the newly opened Museum of Archaeology in Gaza.

Environment

53. The UNDP Programme of Assistance disbursed $390,000 to improve medical waste management in the Ramallah district. The Programme helped prepare needs-assessment reports for Ramallah Hospital and for the municipality of Ramallah, and a Medical Waste Management Manual for the Ramallah Governmental Hospital and the Ramallah municipality. Medical waste regulations and guidelines were revised, and several public awareness tools were produced.

54. The UNDP Programme of Assistance and the Palestinian Environment Quality Authority prepared an assessment of the climate change situation in the occupied Palestinian territory and with the intention of developing a climate change adaptation strategy which will be used to raise funds for climate change interventions. The Programme of Assistance also conducted two scoping workshops in 2008 at which the preliminary findings of the questionnaire on climate change were presented.

B. United Nations system emergency assistance

55. Approximately 70 per cent of the population in Gaza was dependent on external assistance prior to the Israeli military operation Cast Lead in December 2008 and January 2009; however, access restrictions on people and goods led to many projects, notably those related to water and sanitation, being put on hold throughout the reporting period. Approximately 34.5 per cent of the Palestinian population in the West Bank was affected by deep income poverty, primarily because of movement restrictions within and into and out of the West Bank.

56. Prior to operation Cast Lead, some 1.8 million Palestinians, including over two thirds of the population of Gaza, received food assistance from UNRWA and WFP, while a further 100,000 children in Gaza and 57,000 in the West Bank benefited from a school feeding programme. In the water, sanitation and hygiene sector, interventions included the provision of an emergency water supply for Palestinian communities in rural areas of Gaza and the West Bank, and fuel for Gaza Strip

municipalities and solid waste management councils. The creation of short-term jobs and cash assistance projects supported an estimated 65,000 poor households in Gaza and the West Bank, and cash grants were provided to 30,000 poor refugee families in the occupied Palestinian territory.

57. During operation Cast Lead, UNRWA provided temporary shelter to over 50,000 Palestinians who sought refuge in over 50 Agency schools. Critical operations, including food distribution and health-care services, continued to the extent possible, with around 1,000 of the Agency's 10,000 Palestinian staff in Gaza working throughout the crisis. Following the declaration by Israel of a ceasefire on 18 January 2009, UNRWA expanded emergency operations to meet additional humanitarian needs and support recovery and rehabilitation. The Agency increased its emergency food aid rolls from 550,000 to 900,000 refugees and also provided financial and in kind support to thousands of refugee families left homeless as a result of the military operation.

Emergency food and agriculture support

58. WFP interventions reached 109,178 beneficiaries in the West Bank and 85,504 in Gaza, of which 5,000 were hospital patients and elderly who received special food rations. A total of 21,600 tonnes of wheat flour, vegetable oil, chickpeas, sugar and salt were distributed under that intervention. In the West Bank, 43,040 beneficiaries were assisted with 26,622 tonnes of food supplies, and 172,000 vulnerable persons received 9,600 tonnes of food in Gaza.

59. Between April 2008 and March 2009, 50,136 schoolchildren in the West Bank received a ration of nutrition biscuits and milk. In Gaza, the school feeding programme started after the operation Cast Lead and, to date, has reached about 50,000 schoolchildren, with 546 tonnes of high-energy biscuits, date bars, milk, canned meat and ready-to-eat meals.

60. Since 27 December 2008, WFP continuously provided assistance to Gaza's population and distributed 5,567 tonnes of food to approximately 346,000 beneficiaries through emergency distributions of bread, date bars, high-energy biscuits and ready-to-eat meals, including approximately 40,000 schoolchildren assisted through the school feeding programme, which started at the end of January 2009. Following the conflict, WFP increased its caseload by an additional 100,000 individuals in order to assist those who had lost homes, jobs and productive assets.

61. In 2008, UNRWA provided emergency food assistance to approximately 700,000 refugees in Gaza and 300,000 in the West Bank. A school feeding programme was also introduced in Gaza and extended to all 200,000 refugee pupils in Agency schools at the start of the 2008/09 school year. UNRWA also disbursed $12 million in cash to 30,000 poor refugee families during 2008, including those who had been made homeless as a result of military operations, drought or flood, and $6 million in Gaza to cover back-to-school costs for poor refugees.

62. In order to support the agricultural sector and improve food security through the strengthening of local production, FAO distributed agricultural inputs to 3,725 smallholder farming families and 2,500 herder families, accompanied by training to promote improved agricultural practices and herder capacities. Similarly, 700 fishermen and their dependants received support through the establishment of aquaculture ponds and the provision of fingerlings.

63. The UNDP Programme of Assistance to the Palestinian People signed an agreement with the Palestinian Authority totalling $270 million to compensate farmers whose agricultural property in Gaza had been damaged during the military operation Cast Lead.

Emergency education support

64. UNICEF distributed 50,000 schoolbags and stationery items and provided uniforms to students affected by the flooding of the sewage plant in the Gaza Strip. In the immediate aftermath to the Gaza crisis, UNICEF procured and distributed 160 math teaching kits for 12,800 children, 100,000 notebooks and 200 recreation kits for 18,000 children, 480 "school in a box" sets for 38,400 children, 166 science teaching kits for 913,280 children, 2,000 student profile forms and four school tents at an estimated cost of $275,000.

Emergency health support

65. During the crisis in Gaza, UNRWA provided additional storage space for the blood bank, central drug store and forklifts, as well as fuel and other support, such as logistics. UNICEF provided a generator to each of two blood banks in Gaza, 457,500 doses of vaccines as part of a multi-antigen immunization catch-up campaign for infants and pregnant women, and mumps, measles and rubella vaccines for 14,000 schoolchildren aged 13 to 15. Obstetric and midwifery medical kits were provided to 900 mothers and their infants, and 98,000 kilograms of pharmaceuticals were provided as part of emergency triage. In the West Bank, UNRWA operated five mobile health clinics serving 150 isolated locations, in particular those affected by the barrier. The clinics provided approximately 156,000 patients with primary health-care services, treatment for non-communicable diseases and vaccines.

C. United Nations system support to Palestinian institutions

66. The Palestinian Authority continued to introduce institution-building and prudent fiscal policies and reforms. The Palestinian Authority also worked increasingly towards achieving an integrated planning and budgeting process. The 2009 budget envisaged further reforms and deficit reduction with a significant shift in the composition of spending away from wages and subsidies towards public investment. A supplementary budget is being prepared to include spending for Gaza's reconstruction and rehabilitation. During 2008, the Palestinian Authority made substantial progress in establishing security in several Palestinian cities in the West Bank, which led to improved business confidence. However, progress in the development of sector-specific strategies was relatively slow.

67. The World Bank spent $10 million to improve accounting systems, financial management and budgetary controls, and physical and investment planning of municipalities. As a result, the Ministry of Local Government approved a chart of accounts in 132 municipalities and piloted the valuation method of fixed assets in 8 municipalities. In addition, an integrated financial management system was developed and rolled out to municipalities.

68. FAO supported the Ministry of Agriculture by managing the agricultural project information system database, which records all agricultural projects in the

West Bank and Gaza. FAO and WFP collaborated with the Palestinian Central Bureau of Statistics to establish a socio-economic and food security monitoring system. In addition, FAO worked with the Ministry of Agriculture to build national capacity to prevent avian influenza, including through the provision of technical equipment, and training of veterinary professionals to raise their ability to respond to a potential outbreak.

69. The UNDP Programme of Assistance to the Palestinian People supported the preparation of a comprehensive district strategic development planning manual and a strategic development plan for the town of Jenin on the basis of several diagnostic studies and assessments in the district. A local governance integrity toolkit was developed for the occupied Palestinian territory and tested in 15 local governments in the West Bank. The Programme also supported the building of a new courthouse in Jenin that included case management software.

70. The UNDP Programme of Assistance helped the Ministry of Finance to publish monthly financial reports on its website. A workshop was organized on the drafting of regulations on conflicts of interest and the protection of whistle-blowers in corruption cases and to amend related articles of the Palestinian penal code. The Programme also supported the training of property tax employees of the Ministry of Finance in the areas of geographic information systems, accounting, tax collection and management.

71. The United Nations Office for Project Services (UNOPS) provided support, mainly through the Ministry of the Interior, to the Palestinian civil police, civil defence and presidential guard, and built capacity in project development within the civil police through the creation of a Programme Steering Committee. UNOPS also completed the master plan for the Karni commercial crossing upgrade.

72. The activities of the United Nations Conference on Trade and Development (UNCTAD) to bolster Palestinian economic governance registered significant progress in the area of customs modernization. As part of the Palestinian Authority's renewed development efforts, the system was launched in 2008.

73. UNIFEM supported the Police Department of the Ministry of the Interior by conducting a police partnership training programme on violence against women for 46 police officers and members of the security forces. As a result, the Police Department drafted a code of conduct for police officers dealing with cases in which women were victims of violence. UNIFEM also assisted the Ministry of Social Affairs in defining its role and outlining its institutional set-up for the full operation of the Mehwar Centre, the only shelter for survivors of violence against women in the occupied Palestinian territory.

74. Through the Municipal Development and Lending Fund, the World Bank provided grants amounting to $10 million to municipalities in the West Bank and Gaza for capital investment, job creation and service delivery programmes in 132 municipalities. In addition, the World Bank disbursed $10 million under the community-driven development project to promote the merging of local government units through joint projects in the West Bank and Gaza. The project was implemented with the Ministry of Local Government and improved cooperation among local government units, targeted nine joint service councils in the West Bank serving 148,788 persons, and 16 neighbourhoods in Gaza serving 108,289 persons.

D. Private sector development

75. In 2008, UNRWA financed over two thirds of all 12,000 loans, amounting to $18.97 million, provided to Palestinian microenterprises and households. The split in the Palestinian polity had a direct impact on the sustainability of the loan programme. In Gaza in 2008, the programme financed nearly 3,000 loans worth $5.05 million, compared with 9,000 loans worth $13.92 million in the West Bank. Despite the situation in Gaza, UNRWA covered 117 per cent of its running costs of $3.18 million from its credit operations.

76. UNCTAD finalized the establishment of the Palestinian Shippers' Council, which has assumed the established status as a focal point for addressing the concerns of Palestinian shippers. In close coordination with the Palestinian Investment Promotion Agency, UNCTAD completed a project on an investment retention programme. Key achievements included a programme tailored for current investors in the occupied Palestinian territory.

E. Coordination of United Nations assistance

77. The Office of the United Nations Special Coordinator for the Middle East Peace Process continued to coordinate United Nations assistance to the Palestinian people and represented the United Nations at coordination forums. In that capacity, the Office participated in two meetings of the Ad Hoc Liaison Committee for Assistance to the Palestinian People in London and New York, and regular meetings of the local development forum. Under the leadership of the Deputy Special Coordinator, the United Nations country team started to prepare the United Nations medium-term response plan, which is expected to better coordinate and organize United Nations agency support to Palestinian priorities, as articulated in the Palestinian Reform and Development Plan for 2008-2010 and the Palestinian National Early Recovery and Reconstruction Plan for Gaza for 2009-2010.

78. The Office for the Coordination of Humanitarian Affairs prepared the 2009 consolidated appeals process document for $875 million, conducted assessments, monitored the situation on the ground, provided logistics to facilitate the humanitarian response and reported on closures, incidents of violence and other humanitarian developments. The Office facilitated the implementation of projects by non-governmental organizations and United Nations agencies through the Humanitarian and the Emergency Response Fund and the Central Emergency Response Fund.

79. In July 2008, United Nations humanitarian agencies and international and national non-governmental organizations established a humanitarian country team, modelled on the Inter-Agency Standing Committee, to agree on joint advocacy messages and responses. In addition, a humanitarian task force, comprising representatives of the humanitarian country team, the Palestinian Authority and donors, was set up to coordinate humanitarian assistance, monitor progress of humanitarian programmes and promote a collaborative approach among all stakeholders.

Humanitarian access

80. An access support team was established to facilitate humanitarian access by documenting incidents of delayed or denied access for United Nations staff. In addition, in order to improve humanitarian access, the United Nations humanitarian country team and the Humanitarian Liaison Working Group endorsed the framework for the provision of humanitarian assistance, which addressed the constraints encountered by humanitarian actors operating in Gaza and outlined possible advocacy messages to be used with the Government of Israel, the Palestinian Authority and de facto authorities in Gaza.

IV. Donor response to the crisis

Budgetary and fiscal support

81. Following the finalization of the Palestinian Reform and Development Plan in April 2008, donors increasingly programmed their support based on Palestinian Authority priorities as contained in the Plan. Donors disbursed up to $1.8 billion in 2008 to finance the recurrent budget, compared with $1 billion in 2007, and well above the amount pledged at the donors conference in Paris in 2007. The implementation of donor-financed development projects, however, was slower than expected.

82. At the International Conference in Support of the Palestinian Economy for the Reconstruction of Gaza, held in Sharm el-Sheikh, Egypt, on 2 March 2009, at which the Palestinian Authority presented the Palestinian National Early Recovery and Reconstruction Plan for Gaza 2009-2010, total pledges amounted to some $4.5 billion for the West Bank and Gaza, in addition to $0.7 billion in reconfirmed past pledges. The largest pledges came from Saudi Arabia ($1 billion), the European Union (€440 million), the United States of America ($0.9 billion), Qatar ($250 million) and Kuwait ($200 million). However, none of the pledges are earmarked for specific purposes or agencies, nor are they linked to a timeline for transfer of funds.

83. Donor pledges for 2009/10 budgetary support are insufficient as they only amount to about $0.5 billion according to the Paris donor conference pledges in December 2007. There is therefore a pressing need to secure adequate external assistance to finance the budget deficit for 2009. External financing requirements for recurrent expenditures stand at $1.2 billion in 2009 compared with $1.8 billion in 2008. This should make it easier for donors to finance the increase in public investment, which was projected at $0.5 billion for 2009, in addition to the $1.3 billion requested by the Palestinian Authority to address the conflict-related recovery and reconstruction of Gaza. In terms of humanitarian needs, 32.4 per cent of the consolidated appeal ($284 million) was funded as of 6 April 2009.

Donor coordination

84. Frequent aid coordination meetings took place at all levels in 2008. Two ministerial meetings of the Ad Hoc Liaison Committee for Assistance to the Palestinian People were held, one in London in May 2008, and one in New York in September 2008, to examine progress on the tripartite agreements among the Government of Israel, the Palestinian Authority and the international community.

The Palestinian Authority drafted an aid harmonization action plan as well as a set of partnership principles in order to better coordinate external financial and technical support. The Ad Hoc Liaison Committee agreed in New York in September 2008 to re-establish the tripartite coordination mechanism among the Government of Israel, the Palestinian Authority and representatives of the international community at the local level, namely through the Joint Liaison Committee, which met only once, in December 2008. In the lead-up to the Conference in Sharm el-Sheikh, Egypt, members of the international community coordinated their support to the Palestinian Authority in developing the Palestinian National Early Recovery and Reconstruction Plan for Gaza for 2009-2010.

V. Challenges

85. Gaza's established crossings remained closed for most of 2008, an armed conflict broke out at the end of the year, talks on intra-Palestinian reconciliation were inconclusive and there was no significant progress in negotiations between the Government of Israel and the Palestine Liberation Organization. In the West Bank, closures, settlement activity and house demolitions continued. Those factors posed significant challenges to the economic revival of the occupied Palestinian territory and to an effective response to humanitarian needs.

86. Despite the relative calm prevailing in Gaza at present, without a durable and sustainable ceasefire as called for by the Security Council in its resolution 1860 (2009), the humanitarian situation in Gaza is likely to remain critical and volatile. While funding is essential for the 2009 consolidated appeal, the Palestinian National Early Recovery and Reconstruction Plan for Gaza for 2009-2010 as well as for the budget of the Palestinian Authority, it will remain impossible to meet the needs in the occupied Palestinian territory without a full opening of all crossings into Gaza and a significant easing of restrictions of movement into, out of and within the West Bank, including East Jerusalem. Relief items, equipment and construction material, and spare parts need to be allowed into Gaza, as should the free movement of goods and persons, the free and sustained movement of humanitarian personnel, and regular cash flows. Improvements must be made in order to allow the population in the West Bank access to livelihoods and social services and to maintain normal social and economic relations.

VI. Conclusions

87. The operational context for the United Nations in the period under review led to a two-pronged approach: (a) increasingly refocusing attention on longer-term economic, infrastructure, capacity-building and service delivery interventions in the West Bank; and (b) delivering emergency and life sustaining interventions in Gaza. However, United Nations agencies and programmes continued to face severe restrictions and obstacles that made the delivery of assistance more urgent, but also more difficult. In the light of the recent conflict in Gaza, the delivery of emergency and humanitarian assistance will continue to be critical. However, efforts to support the long-term recovery of Palestine and development efforts should remain high on the agenda. The United Nations will continue to focus, to the extent possible, on

institution-building and aligning its programmes to the Palestinian Reform and Development Plan.

88. In 2009, the United Nations will continue working towards the realization of a just, lasting and comprehensive peace in the Middle East on the basis of Security Council resolutions 242 (1967), 338 (1973), 1397 (2002), 1515 (2003), 1850 (2008) and 1860 (2009), and the establishment of a sovereign, democratic, viable and contiguous Palestinian State, existing side by side in peace with a secure Israel.